THE POSITION OF HIGH COURTS.

TABLE OF CONTENTS.

The position of High Courts

Division of functions for the administration of justice.

1. From a date not later than the first constitution of High Courts under the High Courts Act, 1861, the executive function of the administration of justice has been shared between various authorities. The "act of judging" is, of course, a judicial function, and is not at present in question. It belongs to the courts alone. But in addition to their judicial functions the High Courts have always possessed executive or administrative functions. Some at least of these executive functions of the Courts are subject to the control of the executive Government which is normally, but not always, the Government of the province. The remaining functions which go to make up "the administration of justice" are exercised by the executive Government, being distributed among various authorities in a manner which is not altogether uniform. The question at issue in this memorandum is the definition of the execu-

tive authority which should exercise control over the administrative functions of the High Courts and should perform the other functions relating to the administration of justice which affect these Courts.

The Normal Case.

The appointment of High Court Judges and their tenure.

2. The authority to establish by Letters Patent a high court of judicature in any territory in British India rests in His Majesty alone, and all High Courts now existing in India have been established by the exercise of this authority. Every judge of a High Court holds office during His Majesty's pleasure. Additional judges, however, who may be required for any period not exceeding two years, are appointed by the Governor-General in Council, and temporary vacancies in the office of Chief Justice or other judge may be filled by appointment made by the local Government. The salaries and certain other conditions of service of judges of High Courts are fixed by rules made by the Secretary of State in Council The local limits of the jurisdiction of a high court may be altered by order of the Governor-General in Council. A Judge on assumption of office makes his declaration before an authority prescribed by the Governor in Council, on demitting office he tenders his resignation to the local Government.

The administrative powers of High Courts.

3. The administrative functions of the High Courts, apart from particular quasi-administrative or judicial functions assigned to them by specific Acts, are described in the Government of India Act and in the Letters Patent by which each court was established. Section 106 of the Act confirms to the several high courts "all such powers and authority over or in relation to the administration of justice, including power to appoint clerks and other ministerial officers of the court, and power to make rules for regulating the practice of the court, as are vested in them by Letters Patent, and, subject to the provisions of any such Letters Patent, all such jurisdiction powers and authority as are vested in those courts respectively at the commencement of this Act." Section 107 recites the Court's powers of superintendence over all courts for the time being subject [illegible] its particular powers to call for returns, [illegible] make rules regulating the practice of [illegible] ms and settle tables of fees. The Letters Patent confer on the Chief Justice powers to appoint clerks and other ministerial officers and to make rules for the qualification and admission of advocates vakils and attorneys The powers conferred on the Court by particular Acts need not at present be set out in detail, but it is important to refer to the powers conferred by various provincial Civil Courts Acts in the matter of the recruitment and control of the subordinate civil judiciary. In Madras and Burma the appointment of Munsifs or Sub-judges is made by the High Court; in Bombay and the Central Provinces such appointments are made by the local Government, while in Bengal Bihar and Orissa Assam the United Provinces and the Punjab the appointments are made by the local Government on the nomination of the High (or Chief) Court.

The particular powers of the executive.

4. The particular administrative powers of the executive are, first, the powers regarding the constitution of the High Courts which have already been described; second, the executive control to which the administrative functions of the High Courts have been made subject, and third, specific powers which have been conferred by legislation.

Instances of the second category are contained in section 107 of the Government of India Act, in the Letters Patent of each court, and in Acts such as the Civil Procedure Code and the Criminal Procedure Code. Rules, forms and tables made, prescribed, or settled under section 107 of the Government of India Act require the approval of the local Government. Under the Letters Patent the appointment of clerks and ministerial officers is regulated by rules made by the Governor in Council. The same authority prescribes rules for the leave of absence of such clerks and officers, and his approval is required to the salaries fixed for them by the Chief Justice. In the second category also come the requirements of section 126 of the Civil Procedure Code which make necessary the approval of the local Government to rules made by High Courts annulling, altering or adding to the rules in the First Schedule to the Code. Similarly, section 554 of the Criminal Procedure Code requires the previous sanction of the local Government to rules made by a High Court in certain matters of criminal administration. A further instance is the power given to the local Government by section 335 of the Code of Criminal Procedure to regulate the places at which the High Court shall hold its sittings.

The third category includes all those numerous powers for particular occasions and purposes which are conferred by statute, particularly by the Codes of Criminal and Civil Procedure. It is unnecessary at present to prepare the elaborate lists in which alone they could be displayed.

The general powers of the executive.

5. The general powers of the executive arise from its obligation to constitute and maintain courts of criminal and civil jurisdiction in sufficient numbers and with adequate efficiency. These powers have no doubt a definite statutory basis, but they are also inherent in the nature of government. In practice and for the present purpose one of the most important of these functions is the function of making adequate financial provision from year to year for the exercise of the administrative functions whether these functions are performed by the executive itself or by the High Court.

The allocation of functions between executive organs—Pre Reforms.

6. The administrative functions now exercised by the High Courts are derived from the Letters Patent and from certain provisions contained in the Government of India Act, 1915, and have not been altered by the Reforms. But the rest of the administrative functions exercised by the executive has been profoundly affected by the new constitution. The introduction of the reforms did not affect the administrative functions entrusted to the High Courts by specific Acts nor did it, save for the changes of detail made by the Devolution Act 1920, make changes in the particular functions assigned by such statutes to the local

or the central Government. But it altered the bases of general administrative authority. Prior to the coming into operation of the constitution set up by the Government of India Act, 1919, there was no classification of subjects as central and provincial, and consequently no formal assignment of general administrative responsibility in relation to any particular function of government to the Government of India as opposed to the local Government or *vice versa*. In the financial sphere there was no real separation between central and provincial revenues, but inasmuch as the revenue and expenditure of all the High Courts were included in a so-called provincial head, that revenue and expenditure figured in the annual financial statement of the local Government concerned and was open to discussion in the local Legislative Council in accordance with rules made under sub-section (3) of section 80 of the Government of India Act, 1915.

The allocation of functions between executive organs.—The Reforms—Devolution Rules.

7. The scheme propounded in the Report on Indian Constitutional Reforms and thereafter embodied in the Government of India Act, 1919, necessitated a formal classification of all the subjects of government as central and provincial subjects and the treatment proposed for the High Courts in this respect by the first authority charged with the duty of formulating proposals for the classification of subjects, namely, the Feetham Committee, would have made the constitution and powers of all the High Courts a central subject. For entry 16 in the list of provincial subjects proposed by that Committee ran as follows :—

> "Administration of justice, including constitution, maintenance and organization of courts of justice in the province both of civil and criminal jurisdiction, but exclusive of matters relating to constitution and powers of High Courts, and subject to Indian legislation as regards constitution and powers of courts of criminal jurisdiction"

and the exclusion of matters relating to constitution and powers of High Courts would have brought those matters within the Committee's proposed central subject 39, namely, "all matters expressly excepted from inclusion in the provincial list."

The Government of India, commenting on the proposed provincial entry in question in paragraph 64 of their 4th reforms despatch observed as follows :-

> "Item 16 would give the provincial legislatures power to alter without previous sanction the jurisdiction of civil courts. Changes may possibly be made which will react not merely on the public but on the High Courts and the Privy Council, but we are prepared to face this contingency. We think that in addition to matters relating to the constitution of High Courts, matters relating to the constitution of Chief Courts and the Courts of Judicial Commissioners should also be excluded. The definition of the item as a whole

seems capable of improvement and we suggest the following re-draft :—

'The administration of Justice including the constitution, organization and powers of Courts of civil and criminal jurisdiction within the province other than a High Court, a Chief Court, or the Court of a Judicial Commissioner, but subject to Indian legislation as regards Courts of criminal Jurisdiction."

Under this draft the constitution, organization and powers of the High Courts would have been made a central subject by virture of exclusion from the proposed provincial subject.

Commenting on the re-draft suggested by the Government of India in a memorandum presented to the Joint Select Committee on the Bill *which became the Government of India Act, 1919, Messrs. Feetham* and Stephenson observed :—

"The intention of the Committee was to reserve the constitution and powers of High Courts, which are at prsent regulated by the Government of India Act and by Letters Patent, as an All-India subject, while leaving the provinces freedom to legislate with regard to other courts, subject to previous sanction as regards courts of criminal jurisdiction. The Government of India propose to put Chief Courts and Courts of Judicial Commissioners on the same footing as the High Courts in this respect (a course to which we see no serious objection), and also to make 'organization' as well as the constitution and powers of all these Courts an All-India subject. Organization of the High Courts, as distinguished from their constitution, would appear to be a matter which should be dealt with by the province which is responsible for their maintenance, but it is probably best to avoid using these terms for the purpose of making a distinction between All-India and provincial powers. The simplest plan would be to make all matters affecting these Courts subject to Indian legislation, and it is suggested that the entry might take the following form :—

'Administration of justice, including the constitution, powers, maintenance and organization of Courts of civil and criminal jurisdiction within the province, subject to Indian legislation as regards High Courts, Chief Courts, and Courts of Judicial Commissioners and any Courts of criminal jurisdiction.'

There is no intention to affect the provisions of the Government of India Act with regard to High Courts, including those provisions which bring the High Court of Calcutta into special relation with the Government of India ; the rules of classificati'uec, of wich this list will form part, will necessarily be tjnbsoto thhe provisions of that Act, and there does

not seem, therefore, to be any need for a special reference to the Act in this entry. To prevent misconception, the point can be covered by a general statement in the rules."

Subsequently, however, the proposed method of treatment underwent radical alteration. An India Office reforms committee revised the relevant entry in the provincial list to read—

"Administration of justice including the constitution, powers, maintenance and organization of Courts of civil and criminal jurisdiction within the province, subject to Indian legislation as regards High Courts, Chief Courts and Courts of Judicial Commissioners and any Courts of criminal jurisdiction."

The point was referred to in the oral examination of Messrs. Feethams and Stephenson to whom Lord Sinha put the following question:—

"No. 16* is more or less drafting, is it not?"

Mr. Feetham's reply was:—

"No. 16, I think, might be described as a drafting amendment .. .."

In their report on clause I of the Bill the Joint Select Committee observed:—

"The lists of central, provincial and transferred subjects included in the Functions Committee's report have been somewhat altered after consultation with the India Office, and as so amended, they are accepted by this Committee."

In pursuance of this general acceptance of the lists of subjects as altered after consultation with the India Office entry 17 in the list of provincial subjects set forth in Part II of Schedule I to the Devolution Rules reproduces the final re-draft of the Committee's entry 16 and reads as follows:—

"Administration of justice, including constitution, powers, maintenance and organization of Courts of civil and criminal jurisdiction within the province; subject to legislation by the Indian Legislature as regards High Courts, Chief Courts, and Courts of Judicial Commissioners and any Courts of criminal jurisdiction."

8. It has been contended that the description by Mr. Feetham of the re-draft of original entry 16 as "more or less drafting" and the acceptance of that description by the Committee embodied a very serious misconception. The original draft of the Feetham Committee and the revision thereof by the Government of India agreed in this that the High Courts were, in whole or in part, expressly excluded from the pro- The same—a possible misconception.

* I.e., the re-draft as amended by the India Office Committee.

posed provincial subject, and by virtue of that exclusion included in a central subject. The draft finally adopted excluded nothing from the content of the provincial subject with the result that the High Courts are wholly included in that provincial subject. The subjection of High Courts to legislation by the Indian Legislature which Mr. Feetham appears to have regarded as serving by an alternative method the ends which would have been served by making them a central subject has in fact no such effect.

The operation of the Devolution Rules is of course subject to the Act with the result that the vesting by sections 106 and 107 of the Act of functions with reference to a High Court in the Governor-General in Council or the local Government is not capable of being affected by the inclusion of High Courts under the Devolution Rules, either in a central or in a provincial subject, but over and above the statutory functions assigned to a particular governmental authority by those sections there remains a residuum of functions with reference to a High Court which are in the nature of things exerciseable by the executive Government. The inclusion of High Courts in a central subject would have caused these residuary functions to vest in the Government of India. The subjection to legislation by the Indian Legislature of the provincial subject in which the High Courts were finally included has no such effect. *Per contra*, the provinciality of the subject has the effect of vesting them in the local Government. From a practical point of view, however, the inclusion of High Courts in a provincial subject has its most important effect in bringing the High Courts into relation with the local legislature. Because High Courts are included in a provincial subject, the financing of High Courts is a charge on provincial revenues, with the result that it is the local legislature which votes the High Court budget, while for the same reason such powers of influence as result from the right of interpellation and the right to move resolutions accrue to the local legislature.

The Calcutta Case.

The position of the High Court at Fort William in Bengal.

9. The position of the High Court at Calcutta differs from that of other High Courts less in regard to the distribution of functions for the administration of justice between judicial and executive authorities than in regard to the selection of the particular executive authorities for the exercise of functions assigned to the executive. The provisions of the Bengal Civil Courts Act are not precisely the same as those of similar enactments in other provinces. But, generally, the same administrative functions are in all provinces entrusted to the High Court and the executive, whether by statute or by Letters Patent. In Bengal, however, certain important functions involving control over the High Court, which have in other provinces been committed to the Governor in Council, have been entrusted to the Governor-General in Council.

The Government of India Act requires a judge of the Calcutta High Court on vacating office to tender his resignation to the Governor-General in Council (section 102). Appointments to temporary vacancies in the

office of Chief Justice or Judge are m by the Governor-General in Council. The same executive authority mu *st be* addressed for the grant of his previous approval to rules made, forms described and tables of fees settled by the Court. The Letters Patent op the Court (Article 5) requires a Judge on assumption of office to make a declaration before an authority prescribed by the Governor-General in Council. The control which in other provinces the local Government exercises over the clerical and ministerial establishment of the Court is in Bengal exercised by the Governor-General in Council (Article 8). The same differentiation is made in sundry provisions contained in the Indian Statute Book. Thus, by virtue of section 126 of the Code of Civil Procedure, 1908, rules made under section 122 require the previous approval of the Governor-General in Council. He too, and not the Government of Bengal, may determine the place at which the Court shall sit to dispose of criminal business, and may approve of judges going on circuit (Code of Criminal Procedure, section 335) His sanction is required to rules for the inspection of the records of subordinate courts (*Ibid* section 554).

10. This disposition of authority peculiar to Bengal dates in its present form from the first constitution of the Court under the High Courts Act, 1861. But it has its roots in a much older past. In pre-reform days it raised in practice no insurmountable difficulties. It is true that *the local Legislative Council set up under the Act of 1909 had powers* to discuss the budget, and to debate matters relating to the administration of justice by the High Court. But the Council had no powers to grant or withhold supply. The local Government had no inherent authority. It was in theory an agent of the central Government whose directions it was bound to carry out. In particular the central Government was competent to direct the local Government to make such financial provision for the needs of the High Court as the Governor-General in Council considered necessary. The resulting anomaly.

The position was materially altered by the Government of India Act and the rules under it. The local Government was given powers of its own, including powers for the administration of justice. The local *legislature was made independent of the executive, entrusted with* control or influence in a sphere corresponding to the functions of the local executive, and empowered to grant or withhold supply. Administration of Justice by the local Government was made a reserved subject and therefore remained under the unrestricted superintendence, direction and control of the Governor-General in Council. Nevertheless, the anomaly remains that the Government of Bengal has been assigned a responsibility for and the Bengal Legislative Council a concern with the administration of the Calcutta High Court notwithstanding the fact that important statutory powers in relation to the Court are vested in the Governor-General in Council. The anomaly assumes its most acute form in the financial sphere, for the financial responsibility of the local Government and the local legislature for the court is not limited in the manner in which the administrative authority of the former has been limited by the functions entrusted to the Governor-General in Council.

The Paper Book Department Demand, and subsequent discussions.

11. This anomaly manifested itself in an acutely practical form at a very early stage in the history of the reformed constitution. A demand for expenditure in connection with the High Court containing items which had received the approval of the Governor-General in Council in accordance with Article 8 of the Letters Patent was placed before the Bengal Council in March, 1921, and rejected. The Governor of Bengal took the view that, inasmuch as the authority conveying administrative sanction to the expenditure was the Government of India, he as Governor had no responsibility for the administration of the subject to which the demand related and was therefore incompetent to certify the expenditure in accordance with proviso (*a*) of sub-section (2) of section 72-D, as essential to the discharge of his responsibility for the subject. The Government of India were clearly of opinion that, inasmuch as the demand related to a provincial reserved subject, responsibility did rest with the Governor and that he was competent to certify. In the result the Governor did issue the necessary certificate but the unsatisfactory nature of the position is clearly exhibited in the following observation contained in a letter addressed to the Government of India by the local Government :—

> "His Excellency in Council will restore the grant as directed by the Government of India. I am, however, to observe that, while the Governor in Council is ready to act on the instructions of the Government of India, he is not prepared to act *on his own initiative in matters affecting the High Court* since he has not the right to pass orders on matters which form the subject of correspondence between the Honourable Judges and the Government of India and upon which the Government of India themselves pass orders."

It was equally exhibited in the form of the Governor's certificate which was worded as follows :—

> "Whereas I have been directed by the Government of India to provide a sum of Rs. for the Paper Book Department of the High Court under head 21-A, Administration of Justice, and whereas the Bengal Legislative Council has refused its assent to a demand for a grant for this purpose, I, therefore, hereby certify that the expenditure provided for by this demand is essential to the discharge of my responsibility for the subject."

The Government of India fully recognized the anomaly attending the vesting in themselves of specific powers in relation to the Calcutta High Court while that Court was included in a provincial subject, and they proposed to cure the anomaly by leaving the classification of subjects untouched and by bringing the position of the Calcutta High Court with reference to the specific powers in question into line with the position of the other High Courts by amending the Government of India Act, the Letters Patent of the Calcutta High Court and the Indian Sta-

tute Book in such manner as to transfer the powers in question to the local Government. Proposals to this end were placed before the Calcutta High Court in the Home Department letter no. 1359, dated the 18th July, 1921, and evoked a strenuous protest voiced in a letter from the Registrar of the High Court, no. 5245-G., dated the 12th September, 1921. That letter admitted the anomaly, but put forward the contrary remedy of making the Calcutta High Court—and incidentally all other High Courts—a central subject. Considerable stress was laid by the Judges on the history of the existing provincial classification as described in paragraph 7 of this note. The alternative proposal of the High Court did not commend itself to the Government of India, but in deference to the opposition of the Judges to the Government proposal, the latter was not proceeded with and the question has since remained in abeyance.

Points of present agreement—The broad issue.

12. The foregoing account should have made it clear that the administrative control exercised by and over the High Courts is part of the general administration of justice. It has, however, in the past been possible to give separate treatment to this question of the High Courts and there are advantages in keeping it distinct now, provided that the matters which are and are not in dispute can be clearly distinguished The problem has emerged in connection with the High Court at Calcutta and on account of the anomaly there inherent in the division of executive functions between the central and the local Governments. But it has at once taken a wider scope, for all High Courts are concerned as soon as the issue arises whether a local executive or legislative should possess any powers to control or influence the administrative acts of a High Court.

So far as discussions have gone there are several important points on which there is agreement or which at least have not been challenged. These points may therefore be excluded for the present from consideration. First, the question of the appointment of Judges of High Courts and the conditions of their term of office is not in issue. Minor matters, such as the filling of temporary vacancies, and the procedure on the assumption and demission of office are not subjects of agreement. But they do not aff [illegible] and they can [illegible] of the administration by the High Court.

Second, it is not contended that the administrative functions of the High Court, except possibly those entrusted to them by provincial Civil Courts Acts, should be withdrawn or curtailed. Amendment of the Letters Patent or of the provisions of the Government of India Act with this object has not been suggested.

Third, it is apparently agreed that the administrative functions of the High Court cannot be irresponsible. There must be control by some executive and a power of control or influence in some legislature. It has not been contended that the present restrictions on the administrative powers of High Courts, such as the requirement of previous sanc-

tion by executive authority to rules which the Court proposes to issue should be removed. Nor has it been suggested that the administration of justice by a High Court should be removed from the cognizance of every legislature, whether by exclusion of supply from the estimates or by a rule in restraint of discussion.

Lastly, the powers of the local Government and the local legislature for the administration of justice, whether they are derived from specific statutory provisions such as those contained in the Codes of Civil and Criminal Procedure or are a consequence of the constitutional arrangements made by the Government of India Act are not in question, save in so far as they affect the administrative functions and the authority of the High Court.

The broad issue then is this. On the assumption that the existing administrative functions of the High Courts are maintained, subject to the existing restrictions arising from the control of the executive and the powers of the legislature, by what executive authority should that control be exercised and in what legislature should these powers be vested ?

The Arguments for Centralization.

Relations of the High Court and the Legislature.

13. The primary advantage of centralization is that its adoption would remove the High Courts from undesirable political influences by bringing all matters relating thereto within the purview of the central legislature and removing them from the jurisdiction of the local legislature. The importance of this aspect of the case may be gauged from a perusal of the cases collected in an appendix to this note in which the existing system has exposed the High Courts to criticism and censure in the local councils, where under the existing system the High Court budget is voted. It may be contended that in the majority of these cases the criticism levelled against the High Courts has not only been factious and ill-informed, but has also tended to bring the Courts into contempt in the estimation of the public. A central legislature, whatever its faults, would, it may be hoped, be unlikely to afford any support to an attempt to base a censure of a High Court on *e.g.*, the low proportion of the representatives of a particular community in its ministerial establishment. While the consequences in this respect of the provincialization of the High Court have been serious enough under the existing *régime*, it may be urged that the subjection of the budgets of those Courts to a majority vote in a legislature to which the executive was responsible would be attended with intolerable consequences, and that centralization of the High Courts would be an inevitable concomitant of the establishment of anything in the nature of provincial self-government.

Relations of the High Court and the Local Government.

14. But consideration cannot be confined to the relations between the High Court and the legislature. The relations between the High Court and the executive are equally important, and there can be no doubt, it may be contended, that those relations are far more likely

to be harmonious if the executive with which the High Court has to deal is the central executive with its relatively detached position. In the Calcutta case in particular, the Registrar's letter to which reference has already been made shows how far from satisfactory the relations between the High Court and the local Government of Bengal have been in the past and how remote would be the prospect of satisfactory co-operation between the judicial and the executive authority if effect were given to the first of the two alternatives under consideration.

The High Court at Calcutta.

15 T there a degree has a long an Chief Justice and Judges have, therefore, stated the case for centralization in their Registrar's letter in an unreserved expression of their opinion. They point to the vital importance of maintaining the independence of the Court and refer to their long experience of attempts by the local Government to interfere with that independence and with the independence of the Courts over which the High Court has superintendence. The Court must not only be free from such interference but must be free to intervene when the excesses of the local executive may imperil, as they have in the past imperilled, the liberties of the subjects. They consider the subordination of the Court to a member of the Executive Council of His Excellency the Governor to be a position inconsistent with the history and traditions of the Court, and they refuse to accept a situation in which any me call for or move for records, as to the manner in which or in which the local Gove the Bengal Legislative Council, would exercise a potent voice in determining His Majesty's pleasure during continuance of which the Honourable Judges hold office. They point out that the Schedule to the Devolution Rules was framed under the misconception to which reference has already been made. Financial responsibility for the Court should, they consider, rest with the central Government in order that the Court may be removed from the sphere of local politics. Finally, they lay stress on the historical relations which have existed between the Representative of the Crown and the Judges of the Court for over 150 years.

The Arguments for Provincialization.

Negative arguments—Difficulties c Centraliza-tion.

16. The supporters of provincialization employ both negative and positive arguments. They meet the case for centralization by laying stress on the considerable difficulties which would attend it and by disabling the arguments by which it is sought to justify it. Those difficulties comprise—

(a) the absence of the requisite local knowledge which would enable the Government of India adequately to discharge the specific statutory functions which are now assigned to them in the

case of the Calcutta Court and which would in the event of centralization be assigned in the case of all the High Courts, *e.g.*, the selection of temporary Judges from among a personnel, with the merits of which the local Government are in the nature of things more familiar than the Government of India; and the sanctioning of expenditure to meet needs the reality and urgency of which cannot be justly estimated in the absence of local knowledge.

(*b*) the risk of a conflict of administrative authority over the subordinate courts, which by universal consent must continue in the provincial sphere, between (*i*) the local Government, which would continue to possess such authority by virtue of its responsibility for the administration of a provincial subject and of the fact that, in the majority of provinces, the provincial Courts Act vests the power of appointment to subordinate judicial offices in the local Government, and (*ii*) the High Court, which would also continue to possess such authority by virtue of the provisions of section 107 of the Government of India Act but which, with the High Courts centralized and with the statutory and Letters Patent powers transferred to the Government of India, would cease to have any administrative relations with the local Government.

(*c*) the practical impossibility of the Government of India exercising the functions vested by various statutes in the local Government.

Negative arguments—The arguments for centralization examined.

17. It may be argued that centralization and provincialization in the sense relevant to the present discussion raise no question of the judicial independence of the High Courts. It is well established in political theory and in general constitutional practice that the judicial independence of the judges is secured by the nature of the tenure of their office. Ordinarily it is considered to be an adequate safeguard that judges should hold office during good behaviour and that the power of dismissal required to meet cases of misbehaviour or grave unfitness should be normally exercised by a body of judges of the highest grade. But the provisions of the Government of India Act are even fuller safeguards of the judicial independence of the Judges of High Courts. It is not proposed to diminish them. Indeed, the case for provincialization would be in no degree weakened if the power which local Governments at present possess to fill temporary vacancies were withdrawn. That provincialization in any way affects the independence of a High Court, its prestige or its power to intervene in protection of the subject against abuse of executive authority, would be denied by those who admit in the High Court at Calcutta no superiority in these respects over the High Courts in provinces where provincialization has a history as old as and happier than the history of Bengal where there is centralization.

In a similar manner it may be of the local legislatures, that the cas the note do not establish a case for th all administrative acts of the High Court from the competence of the local legislatures. Many of the subjects discussed on these occasions were matters in themselves eminently appropriate for public debate. If debates were so conducted as to permit, whether by the use of irrelevant arguments or by abuse of language, any scandalizing of the Courts the remedy lies in amendment of the rules of procedure, and not in the wholesale prohibition of discussion. The argument from prestige is of course similar to the argument that an irresponsible executive is stronger than a responsible executive. In that case high authority has reached conclusions favourable to a popular executive, and it may be that reasonable discussion of a High Court's administration would enhance rather than diminish its prestige

Positive arguments.

18. The case for provincialization, however, might perhaps find its strongest support in positive arguments. It might be argued that provincialization, in the absence of evidence to the contrary, may be taken to have worked well throughout India (except Bengal) where it has always been the rule. It has proved itself appropriate in the varying constitutional conditions up till the present day. It will, therefore, be doubly appropriate in the new constitution, if that constitution makes any approach to provincial autonomy, or enlarges provincial functions.

But the ultimate test must be the essential nature of the administrative functions exercised by the High Court. Is their exercise a matter of provincial concern ? The principle suggested by the authors of the Report on Indian Constitutional Reforms is contained in the following extract from paragraph 238 of the Report. "The Committee's first business will be to consider what are the services to be appropriated to the provinces, all others remaining with the Government of India. We suggest that it will find that some matters are of wholly provincial concern, and that others are primarily provincial but that in respect of them some statutory restrictions upon the discretion of provincial Governments may be necessary. Other matters again may be provincial in character so far as administration goes, while there may be good reasons for keeping the right of legislation in respect of them in the hands of the Government of India."

It may be argued that on that principle the administration of justice has rightly been classified as a provincial subject. It is immaterial whether the administration is entrusted to the High Court or to the local Government. The degree of provincial concern is in no way affected by the distribution of functions. The local legislature as the representative of the provincial population must have control of or influence over the administration wherever it is vested. The argument may perhaps be accepted so far as to admit that there is possibly a scope within which the provincial executive and the provincial legislature may reasonably claim that the administration of justice by the High Court is a purely

provincial concern which must be treated as a provincial subject. What that scope is must be ascertained by examining in succession each of the administrative functions of the Court. A prominent instance of these functions is the power of the High Court under section 122 of the Code of Civil Procedure to amend the rules in the First Schedule to that Code. That function is "centralized" in Bengal but "provincializd" elsewhere. It may be contended that it was a fundamental principle in framing that Code that the provisions of the Act itself should affect only those matters which must preserve uniform features throughout India, and that the first schedule is a vast compendium of matters found to be appropriate for adjustment to suit the requirements of each High Court's jurisdiction as necessity arose. The contents of the First Schedule are, therefore, matters of purely provincial concern, and the High Court's powers to amend it must therefore be subject to provincial control and influence alone

Again the powers of the High Court to make rules, prescribe forms and settle tables of fees are matters which satisfy the test prescribed by the Joint Authors. They are matters with which the provincial poupla-tion is gravely concerned, and they are the concern of no one else. Of the same nature is the regulation of the places at which the High Court will hold its sittings.

It may also be contended, and it is in fact contended, that the composition of the subordinate judiciary, the presence and absence of nepotism in its recruitment, its integrity, and its familiarity and identity with provincial conditions are matters in regard to which the High Court's administration is a provincial concern. It may be with some show of reason argued that communal representation, so far as it has been recognized as a principle in services generally, is a not illegitimate provincial demand in the case of the subordinate judiciary; and, if popular opinion is seriously affected by it, its consideration is a purely provincial concern. Finally, however welcome the assumption of the financial burden by central revenues may be, it may be contended that the adequacy of the strength of the High Court, the facilities for obtaining justice at its hands, and any serious congestion of its business are matters on which provincial opinion is entitled to express itself even if the charges of the Court should be made provincial Consolidated Fund charges. Administrative control and financial control however must go together, and since the first must be provincial the latter must be provincial also.

Appendix. (See paras. 13 and 17.)

The Bengal Legislative Council.

1. On the 15th March, 1921, Maulvi A. K. Fazl-ul-Haq moved that the demand for Rs 1,30,000 for the preparation of paper books in the High Court be refused. The cut was carried by 71 votes to 35. (Bengal Legislative Council Debates, 1921, Vol. I, No. 5, page 137.)

2 On the 22nd March, 1921, Professor S. C. Mukherjee moved that the demand for Rs. 1 lakh under the head " Civil Wokrs " for constructing a residence for the Chief Justice of Bengal be refused. The cut was carried by 63 votes to 31. (Bengal Legislative Council Debates, 1921, Vol. I, No 5, page 352).

3. On the 20th March, 1922, Babu Surendra Nath Mallik moved that the demand for Rs 50,000 for High Court paper books be refused. The cut was carried by 46 votes to 33. (Bengal Legislative Council Debates, 1922, Vol. VII, No. 5, page 95.)

4 On the 24th March, 1924, Maulvi Wahed Hossain moved that the demand for Rs. 35,910 under the head " 24A, High Court " for the provision for preparation of paper books in the appellate side of the High Court be refused The cut was carried by 67 to 56. (Bengal Legislative Council Debates, 1924, Vol. XIV, No. 5, page 199.)

5. A year later Maulvi Muhammad Nurul Haq Chaudhury moved that the demand for Rs. 2,000 under the head " 24A, High Court Judges' travelling allowance " be refused. On this motion a number of questions was allowed to be agitated. A specimen extract is given to illustrate the tone of the debate :—

> " I may say that the quality of the justice administered by the High Court has deteriorated now. I must most respectfully say that some of the Judges who ought to preside over criminal courts are now adorning the Bench, and I must most respectfully say that they have got a distinct bias towards some of us." (At this stage the speaker was called to order.)

The motion was put and lost. (Bengal Legislative Council Debates, 1925, Vol. XVII, No. 4, page 255.)

6. On the 17th March 1926 Maulvi Sayyed Sultan Ali moved that the grant under the head " 24-Administration of Justice " be reduced by Re. 1. The object was to call attention to the paucity of appointments of Munsifs given to Mussalmans. The appointments are made by the High Court and the motion, therefore, involved an attack on the High Court for ' not showing any inclination to do justice to our community in this respect '. The speaker continued :—

> " If the appointing authorities want to keep us out on the ground that it is to oblige the Hindu Munsifs, Subrodinate Judges and District Judges by appointing their sons and sons-in-law and other relations, which is usually done, then let them plainly tell us that the Mussalmans will have no place in the judicial service in this province."

Further, the same speaker said :—

> " Sir, is it not simply scandalous ? When the Calcutta High Court has shown obstinacy in the matter there is no other alter native but to amend the law in such a manner as to relieve

the High Court from the irksome duty of appointing judicial officers in the Provincial Judicial Service and vest it in the local Government."

The motion was eventually withdrawn, but in the meantime many undesirable things had been said. (Bengal Legislative Council Debates, 1926, Vol. XX, No. 3, page 132.)

7. On the 16th March, 1927, Maulvi Mohamed Sadique moved that the demand of Rs. 82,000 under the head "24-A, High Court—Original side—Registrar" be refused. The alleged object of the motion was to elicit information as to the principle or principles on which there are two systems of court fees, one system of *ad valorem* court fees for the *mufassil* and the other system for the rich citizens of Calcutta for which the original side of the High Court is maintained. In the course of his speech the Member said :—

"The Original Side of the Calcutta High Court is a standing monument of this iniquitous system—a monument which is maintained at the expense of the poor."

The motion was put and lost by 48 to 11. (Bengal Legislative Council Debates, 1927, Vol. XXV, No. 3, page 221).

Bombay Legislative Council.

8. On the 6th March 1924, Mr. R. G. Pradhan moved that item no. 157, *Establishment for a tenth Additional High Court Judge, be omitted.* The speaker observed that the appointment of a High Court Judge is non-votable. Consequently no demand was made by the Honourable the Home Member for the salary which will have to be paid to the additional High Court Judge. His object in making the motion was to bring pressure to bear upon Government in order that they might consider whether it would not be possible for them to postpone the appointment of the additional High Court Judge for some time more. The speaker then went on to say that there was no other institution for which the House felt higher respect than the High Court, and he felt confident that the House would be willing to comply with any requirements the High Court might demand. At the same time, by way of disproving what he had already said, he added that he felt that the necessity for the appointment of the additional High Court Judge had not been made out. He then proceeded to say that he did not see why the remaining High Court Judges should not be able to cope with the business that they had to perform. In other words, he accused the High Court Judges either of managing their work badly or of being idle. (Bombay Legislative Council Debates, 1924, Volume XI, page 832.)

9. On the following day Mr. R. D. Shinde moved that the provision for the pay of establishment,—Registrar, Appellate Side, Bombay High Court, be reduced by Rs. 86. The object of the motion was to require economy to be practised in fixing the pay of the establishment of the High Court. The motion was ruled out. (Bombay Legislative Council Debates, 1924, Volume XI, page 887.)

Madras Legislative Council.

10. On the 23rd March, 1921, Rao Bahadur T. M. Narasimhacharlu moved that the provision of Rs. 50 520 made for 26 Bench Clerks in the High Court be reduced by the cost of four clerks. The motion was made on the grounds of economy, and was supported by Mr. R. K. Shanmukham Chetty, who took the opportunity "of drawing the attention of the House to the way in which the affairs of the High Court are administered, especially the way in which recruitments are being made for the judiciary". Among other things, he said "I see that the way in which the High Court have recruited District Munsifs is not at all satisfactory," and he concluded by saying, "I support the motion because I am not satisfied with the way in which the High Court is administering justice in the matter of recruitment". The motion was withdrawn (Madras Legislative Council Debates, 1921, Vol. I, pages 1085 to 1087.)

11. On the 15th March, 1923, Rao Bahadur T. B. R. Nayudu moved to reduce the allotment for Translators and clerks of the High Court by Rs 15,852 The motion was not pressed. (Madras Legislative Council Debates, 1923, Vol. XIII, page 2410.)

12. On the same day Rao Bahadur C N. Mudaliyar moved to omit the allotment of Rs 5,15,231 for the High Court and stated that he intended to press the motion to a division. He said that he had noticed and had mentioned in the House many times that the High Court in the Judicial Department had been consistently disregarding the resolutions of the House and the various communal Departmental Orders thereon. He went on to say that if the High Court was not amenable to the wishes of Government, it was the duty of the House to address the Secretary of State immediately to bring the High Court to order. The communal claim, which had been accepted by the Government of India and the Legislative Asesmbly, had now become an all-India question. He complained that the resolutions of the Madras Government had not been given effect to by the High Court. He went on to say that persecution had replaced the original oppression. The motion was apparently made for the purpose of saving the non-Brahmin community. (Madras Legislative Council Debates, 1923, Vol. XIII, page 2412.)

13 On the 22nd March, 1924, Mr. A Ramaswami Mudaliyar moved that the allotment to the High Court be reduced by Rs. 1,000, firstly in connection with the right of the High Court to appoint District Munsifs, and secondly in relation to the patronage exercised by the High Court. The debate turned mainly on the desirability of giving communal representation in the appointment of District Munsifs. (Madras Legislative Council Deabtes, 1924, Vol. XVII, page 981.)

14. On the 24th March, 1925, Mr. S. Satyamurti moved a cut of one lakh from the allotment for Judges and Registrar of the High Court. The intention of the motion was to recommend the reduction of the strength of the High Court from 14 to 12. During the debate the Honourable Mr. C. P. Ramaswami Ayyar who was the Law Member remarked

"It i [illegible]
of th [illegible]
and [illegible]
matters beyond controversy on the floor of the House. All that I wish to say is that these Judges with the best will in the world have been attempting to do their work but have still got arrears." The debate proceeded at great length, and finally the cut was carried by 31 votes to 28. This was followed by a further motion for a cut of Rs. 1,111 from the allotment for High Court Judges and Registrar. Here, again, the question raised was purely communal, in respect of appointments. An amendment to the cut by which it was reduced to a cut of one rupee was accepted. (Madras Legislative Council Debates, 1925, Vol. XXIII, pages 664 to 680.)

15. On the 20th March, 1926, Mr. A. R. Mudaliyar moved that the allotment for Judges and Registrar be reduced by Rs. 101. He proposed to make High Court Judges work on Saturdays. The motion was withdrawn. Another motion for a cut of Rs. 100 was made by Khan Bahadur P. Khalif-ul-lah Sahib Bahadur, and the tone of that motion was purely communal. It referred to the appointment of Sir Abdur Rahim as Executive Council Member in Bengal and the failure to fill the vacancy caused in the Bench of Madras with a Muhammadan. This resulted in a lengthy debate, at the end of which the motion was withdrawn. This was followed by a motion by Mr. A. R. Mudaliar for a cut of one lakh from the allotment for the High Court This dealt with the appointment of subordinate Judges by the High Court. The motion was withdrawn. It was followed by a token cut of one rupee 'to urge upon the Government the necessity of appointing Mussalmans whenever opportunity occurs in respect of the posts of High Court Judges, Legal Remembrancers and officers like that'. (Madras Legislative Council Debates, 1926, Vol XXIX, pages 372, 374 and 394.)

16. On the 21st March 1927 Mr. Sami Venkatachalam Chetti moved for a cut of Rs. 100 in the allotment of Rs. 68,400 for the pay of officers. In doing so, he desired to draw the attention of the Government to the retention of temporary Judges. For the past five or six years it had become the practice to keep one or two High Court Judges temporarily. He went on to say that after all, however Honourable the High Court Judges might be, it was just possible that there could be no inducement for the speedy disposal of arrears so long as they were put on temporary rations, and that the Judges of the High Court were not suitable persons to decide whether Additional Judges were necessary. He said that he believed it ought to be a very delicate matter for the Honourable Judges of the High Court to say that two of their colleagues were not necessary. He went on to say that it was therefore better not to refer the matter of the appointment of extra Judges to the Judges of the High Court at all, but to refer it to a representative body more largely representative of clients than of Vakils and examine the question of accumulation of arrears, and that it would then be known whether the accumulation of arrears was due to the want of more Judges or to

the want of speedy disposal of cases by the permanent Judges. There is a very unpleasant reflection on Judges of the High Court in the following passage which occurs in his speech—"There is another reason, Sir, why Judges ought not to be kept up for temporary periods That will be giving a power in the hands of the executive, and the Honourable the Judges will naturally be looking up to the Executive Government for their extension." The motion was carried by 50 votes against 30. (Madras Legislative Council Debates, 1927, Vol. XXXV, page 577.)

17 On the following day Mr S Satyamurti moved that the allotment for the pay of establishments of the High Court be reduced by Rs. 100 He said that his object was to discuss the treatment meted out to the *Madras Weekly Notes* by the High Court. It appears that the *Madras Weekly Notes* published an article on the subject of the promotion of Barrister Judges to the position of Chief Justice, that the High Court had taken offence and, by way of punishing the Editor of the *Madras Weekly Notes*, had withdrawn the privilege of access to the records of judgments previously enjoyed by that paper for reporting. Mr Satyamurti proceeded to say that he found it very surprising that the highest court of justice, which was asked every day to upset the orders made by the subordinate judiciary, civil and criminal, on the ground that they had gone against the fundamental maxim of justice namely, that even a murderer deserves to be heard before he is hanged, should have in a matter like this exhibited such temper as to punish a man without giving him a chance of saying yes or no in his defence. The motion was carried by 51 to 41. (Madras Legislative Council Debates, 1927, Vol. XXXV, page 626.)

Bihar and Orissa Legislative Council.

18. On the 7th March, 1922, Babu Ganesh Datta Singh moved that the item of Rs. 3,000 for duty allowance be omitted. This apparently referred to the establishment of the Deputy Registrar and Assistant Registrar of the Patna High Court, and the motion was directed against the system of appointment of Deputy Registrars and Assistant Registrars from the Munsifs. The motion was carried by 17 votes to 12. (Bihar and Orissa Legislative Council Debates, 1922, Volume IV, page 1079.)

19. On the same day Babu Nirsu Narayan Singh moved to reduce by Rs. 1,000 the provision for the High Court. The mover began by saying that he felt it a painful duty to place before the Council the grievances which the people have against the High Court on its administrative side. He said that the first grievance was that no Bihari or Oriya had been appointed a Deputy Registrar, and in the lower grades, for instance in the Accounts Department, there was not a single Bihari. He went on to say that Biharis were excluded "because if any man has anything to do with the Accounts Department of the Patna High Court, he would come to know that the Accounts Department is full of bribery and that no man can draw a penny from that department without paying something to it". He then proceeded to reflect on the

"It is not right, it is not expedient, it is not wise to traverse the question of the equipment of Judges on the floor of this House. The High Court and the personal equipment of the Judges of the High Court must be matters beyond controversy on the floor of the House. All that I wish to say is that these Judges with the best will in the world have been attempting to do their work but have still got arrears." The debate proceeded at great length, and finally the cut was carried by 31 votes to 28. This was followed by a further motion for a cut of Rs. 1,111 from the allotment for High Court Judges and Registrar. Here, again, the question raised was purely communal, in respect of appointments. An amendment to the cut by which it was reduced to a cut of one rupee was accepted. (Madras Legislative Council Debates, 1925, Vol. XXIII, pages 664 to 680.)

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THE SUPERIOR CIVIL SERVICES IN INDIA.

Translation Department of the Patna High Court. The Honourable the Government Member pointed out that the motion amounted to a vote of censure on the administrative capacity of the Honourable Judges of the High Court. The motion was put and carried by 27 votes to 15. (Bihar and Orissa Legislative Council Debates, 1922, Volume IV, page 1086.)

20 On the 23rd August, 1922, Babu Ganesh Datta Singh moved for omission of the supplementary grant of Rs. 2,407 for temporary establishment and of Rs. 5,250 for contingencies in connection with the appointment of two Additional Judges to the Patna High Court. His contention was that the utmost the Court should ask for was one additional Judge. His remedy was that the High Court should sit the whole day on Saturdays. He also moved for the omission of the supplementary grant of Rs. 3,168 for the paper book establishment of the High Court. His second motion was withdrawn and the original motion was negatived. (Bihar and Orissa Legislative Council Debates, 1922, Volume V, pages 763 and 770)

21. On the 18th March, 1925, Mr. Shiva Shankar Jha moved that the demand under the head "24-Administration of Justice be reduced by Rs. 100 The object of the mover was to criticise the Government for attempting to dictate to the High Court. The motion was apparently based on some correspondence, and the allegation was that the local Government wrote to the High Court protesting against a judgment of the High Court and asking for an explanation from the High Court. The High Court for their part declined to enter into correspondence with Government and protested against the interference by the Executive. The Government Member repudiated the charge and accused the mover of endeavouring to make bad blood between the executive Government and the High Court. The motion was carried by 41 votes to 27. (Bihar and Orissa Legislative Council Debates, 1925, Volume II, page 1441.)

time to come the Government services in India will remain as the indispensable agency through which public policy will be put into action and adjusted to the varying needs and conditions of the great areas and populations which they serve at present.

2. The main services in India are divided into the following classes :— The Superior Services as described by the Lee Commission.

(a) All-India,

(b) Central,

(c) Provincial.

Paragraph 6 of the report of the Royal Commission on the Superior Civil Services in India, which is reproduced below, explains the nature of these services as they stood at the date of the Royal Commission's enquiry :—

" 6. The great majority of Government officials in India are divided into classes corresponding to differences in the responsibility of the work performed and the qualifications required. These classes are organised for the most part as " Services". This Commission is concerned only with the highest or the Superior Civil Services dealing with each branch of the administration The second class of Services is usually known as " provincial " ; the third class as " subordinate " ; and with these the Commission is not directly concerned.

The Superior Civil Services themselves are divided into two classes, according as they administer subjects which are under the direct management of the Central Government in India or subjects which are primarily controlled by the Provincial Governments. The former class consists of the Central Services, which deal, *inter alia,* with the Indian States and frontier affairs, the administration of the State Railways, with Posts and Telegraphs, Customs, Audit and Accounts, and with scientific or technical departments such as the Survey of India, the Geological Survey and the Archæological Department The other class which works primarily under the Provincial Governments comprises the All-India Services. The term may at first sight appear inappropriate to Services which are essentially concerned with administration in the Provinces. It marks the fact, however, that these Services are recruited by the Secretary of State, for work in any part of India, and that each, though scattered through the Provinces, forms one Service with one basis of remuneration. Though an officer of an All-India Service is assigned to and as a rule remains in one Province throughout his career, he may be transferred to another Province ; while a certain number of officers are taken by the Government of India from the Provinces to assist in the discharge of its central functions. Services of this nature differ essentially from the Provincial Services which are recruited in a

Central Services.

All-India Services.

TABLE OF CONTENTS.

The Superior Civil Services in India.

Introductory. The Civil Services in India represent an elaborate organisation dealing with many sides of the life of the community. Some of the functions which they undertake are in other countries left to the management of local bodies, but it is perhaps fair to assume that for a considerable

time to come the Government services in India will remain as the indispensable agency through which public policy will be put into action and adjusted to the varying needs and conditions of the great areas and populations which they serve at present.

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Central Services.

All-India Services.

Province solely for provincial work, and it is to mark this distinction that these Services have been given the title of "All-India". As the main part of the actual administration of India is carried out by the Provincial Governments, it follows that the All-India Services are the main executive agents of the administration throughout the country. The following table shows the sanctioned strength and actual numbers of these Services on 1st January 1924 :—

The All-India Services.

	Sanctioned Strength.	Actual Numbers.
Indian Civil Service	1,350	1,290
Indian Police Service	732	739
Indian Forest Service	399	348
Indian Educational Service—		
(Men)	379	309
(Women)	42	36
Indian Agricultural Service	157	109
Indian Veterinary Service	54	38
Indian Forest Engineering Service	18	17
Indian Medical Service (Civil)	420	373
Indian Service of Engineers	728	716
TOTAL	4,279	3,975"

Changes as a result of the Lee Commission's Report. (1) The All-India Services

3. Broadly speaking this description of the Services still holds good; but the recommendations of the Royal Commission have led to certain important changes. While some of the All-India Services remain on the old basis, recruitment for them continuing as before under the control of the Secretary of State in Council, recruitment for the remainder has been definitely closed down, and though the existing members of these Services retain all their old rights and privileges, power has been delegated to local Governments to recruit and organise their own Provincial Services to replace these All-India Services as they gradually disappear. The All-India Services which remain unaffected, are in the first place those which deal with the reserved branches of administration, namely, the Indian Civil Service (which, however, though mainly concerned with reserved subjects, exercises also certain functions for the transferred side), the Indian Police Service, the Indian Service of Engineers (Irrigation Branch), the Indian Forest and Indian Forest Engineering Services (save in Burma and Bombay where "Forests" has been made a transferred subject), and in the second place the Indian Medical Service which, though it deals (except in respect of "Jails") with transferred subjects, is a Military Service and thus necessarily remains under the control of the Secretary of State. The other All-India Services, namely,

the Indian Service of Engineers (Buildings and Roads Branch*), the Indian Forest and Indian Forest Engineering Services (in Burma and Bombay), the Indian Educational Service, the Indian Agricultural Service and the Indian Veterinary Service have since 1924 been closed to fresh recruitment and are gradually disappearing as the existing members retire.

(ii) The Central Services.

4 With regard to the Central Services, control is being retained by the Secretary of State in Council over the Political and Ecclesiastical Departments, over recruitment outside India to the Indian Railway Service of Engineers, the Superior Revenue Establishment of State Railways† and the Superior Telegraph Engineering and Wireless Branches of the Indian Posts and Telegraphs Department and over those portions of the Survey of India and the Mint and Assay Departments which consist of Military officers holding the King's Commission. But with these exceptions it has been decided that power to recruit, organise and control the Central Services should be delegated to the Government of India, and the delegation of powers only awaits the final settlement of the draft of the necessary statutory rules. It should be explained that the Central Services are being arranged in two classes; Class I representing the Services which are regarded as "Superior" and whose status is comparable with that of the All-India Services, and Class II corresponding in status to the old Provincial Services in the Provinces.

Present position as regards control over the All-India and Central Services.

5 The position, therefore, which has resulted from the decisions taken on the report of the Lee Commission, may be summarised as follows. Of the old All-India Services (excluding the Indian Medical Service to which, owing to its military composition, it has been necessary to give special treatment) the only ones that remain for the future on an All-India basis and continue to be recruited and controlled by the Secretary of State in Council are those which deal wholly or mainly with the reserved field of administration. The remainder of the All-India Services are being converted into new Provincial Services of a standard higher than the old Provincial Services inasmuch as they are being made responsible for the work which was previously done, not by a Provincial Service, but by an All-India Service. The Secretary of State is also parting with his control over the majority of the Central Services, Class I, which he had previously in varying degrees exercised. The Secretary of State in Council thus retains control over—

(a) the All-India Services in the reserved field and the Indian Medical Service,

(b) two Central Services and certain portions of others.

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* Save in Assam and Madras. In Assam the whole of the public works is a reserved subject. In Madras the Irrigation Branch has not yet been separated from the Buildings and Roads Branch, and recruitment is therefore still made to the combined cadre.

† Except the Coal Department to which recruitment in England is made by the High Commissioner for India.

The Government of India will receive full powers of control over the other Central Services, and the Provincial Governments have full powers of control over, not only the old Provincial Services, but the new Provincial Services which are being built up to take the place of the All-India Services in the transferred field.

Extent of control delegated to the Government of India and Provincial Governments.

6. When it is said that full powers of control are exercised by the Government of India or by Provincial Governments it must be understood that the delegations of power by the Secretary of State are being made subject to certain general conditions designed to safeguard the rights of existing members of the Services, to ensure impartiality in making first appointments by utilising the services of the Public Service Commission or of permanent Boards of Selection when appointment is made otherwise than by competitive examination, and finally to secure the observance of a proper procedure and rights of appeal in disciplinary cases. Subject to these general conditions, the organisation of the Services, the numbers, the pay and the conditions of service generally, and the method of making first appointments as well as the ordinary administrative control are entirely in the discretion of the Governments concerned. Where, on the other hand, the Secretary of State in Council has retained his control, he exercises it strictly and himself prescribes the strength of the Service, including both the number and character of the posts to be filled, the methods of recruitment, the conditions of service, the pay, allowances and pensions, and while the ordinary *administrative control of the members of these Services rests naturally* with the particular Governments under which they are working, the Secretary of State in Council is the final authority in matters of discipline and in all representations that the members of the Services may make in regard to their conditions or the equity of their treatment.

Grounds for resting the nature of control on the distinction between reserved and transferred fields

7. This close control exercised by the Secretary of State in Council over the Services with which he still concerns himself, though it may multiply references between India and England, is generally regarded by the members of those Services and by potential recruits as an important safeguard against the possible consequences of unforeseen changes in India, and it is feared that without this control British recruits of high *standard could not now be obtained. On the other hand, it must be* admitted that control of this character over the agents of administration may be irksome to a popular government, and indeed tends to bring such a Government into relations with the Secretary of State which it may be difficult in theory to justify. These are among the considerations which may be regarded as having led the Lee Commission to rest their recommendations for the re-organisation of the All-India Services on the distinction between service in the reserved field and service in the transferred field The sphere of the reserved side of the Provincial Governments was not only that in which responsibility to the Legislative Council had not been conceded; it was also that in which a high standard of administration throughout India and the continuance of a proportion of British recruits was considered most necessary. On the transferred side, however, the experiment was

made of leaving responsible Ministers to organise their own services. A hope was expressed by the Lee Commission that this would not involve the complete cessation of European recruitment and it is understood that in Burma for instance for the Forest Service the Local Government will endeavour to obtain a substantial proportion of European recruits. In many quarters, however, it is assumed that the provincialising of these Services is likely to involve as a rule the practical discontinuance of British recruitment.

8. If dyarchy is continued [illegible] of control, which emerges from [illegible] may be expected to be maintai[illegible] reserved field would naturally [illegible] tary of State, while those dealing with the transferred field would be controlled by the popular side of the Government If, however, the Provincial Governments are unified, it will be necessary to examine the question of control of the remaining All-India Services on different lines. The problems that may present themselves would be somewhat as follows :— [illegible] ment.

(a) Are there any portions of the field of provincial administration in which Parliament would feel that it has a special responsibility ?

(b) If so, could that responsibility be exercised sufficiently by an external control of results, or would it be necessary for Parliament to assure itself that the general scheme of administration is sound, and for that purpose that the organisation and composition of the Services dealing with these portions of the administration are satisfactory ?

(c) Do the interests of the general administration of the country require that in certain branches there should be a high and uniform standard which could not be ensured if Services were organised and recruited on a provincial basis ?

(d) If it appears on any of the above considerations that in certain Services the continuance of a British element is required, could that element be obtained except through the assurance given by the control of the Secretary of State ?

With regard to the Central and Provincial Services, it will have to be considered whether the ultimate powers of control which the Secretary of State in Council at present possesses under section 96B (2) of the Government of India Act, and which have only been delegated to the Governments in India, subject, as explained above, to certain general safeguards intended to maintain the efficiency and purity of these Services, should remain as at present, or whether it would be desirable to confer unrestricted power in these matters on the Government of India or the Provincial Governments.

9. In order to facilitate a decision on some of these questions an attempt will be made to sketch in the most general terms the functions Functions of the reserved Services.

The Government of India will receive full powers of control over the other Central Services, and the Provincial Governments have full powers of control over, not only the old Provincial Services, but the new Provincial Services which are being built up to take the place of the All-India Services in the transferred field.

Extent of control delegated to the Government of India and Provincial Governments.

6. When it is said that full powers of control are exercised by the Government of India or by Provincial Governments it must be understood that the delegations of power by the Secretary of State are being made subject to certain general conditions designed to safeguard the rights of existing members of the Services, to ensure impartiality in making first appointments by utilising the services of the Public Service Commission or of permanent Boards of Selection when appointment is made otherwise than by competitive examination, and finally to secure the observance of a proper procedure and rights of appeal in disciplinary cases. Subject to these general conditions, the organisation of the Services, the numbers, the pay and the conditions of service generally, and the method of making first appointments as well as the ordinary administrative control are entirely in the discretion of the Governments concerned. Where, on the other hand, the Secretary of State in Council has retained his control, he exercises it strictly and himself prescribes the strength of the Service, including both the number and character of the posts to be filled, the methods of recruitment, the conditions of service, the pay, allowances and pensions, and while the ordinary administrative control of the members of these Services rests naturally with the particular Governments under which they are working, the Secretary of State in Council is the final authority in matters of discipline and in all representations that the members of the Services may make in regard to their conditions or the equity of their treatment

Grounds for resting the nature of control on the distinction between reserved and transferred fields.

7. This close control exercised by the Secretary of State in Council over the Services with which he still concerns himself, though it may multiply references between India and England, is generally regarded by the members of those Services and by potential recruits as an important safeguard against the possible consequences of unforeseen changes in India, and it is feared that without this control British recruits of high standard could not now be obtained. On the other hand, it must be admitted that control of this character over the agents of administration may be irksome to a popular government, and indeed tends to bring such a Government into relations with the Secretary of State which it may be difficult in theory to justify. These are among the considerations which may be regarded as having led the Lee Commission to rest their recommendations for the re-organisation of the All-India Services on the distinction between service in the reserved field and service in the transferred field. The sphere of the reserved side of the Provincial Governments was not only that in which responsibility to the Legislative Council had not been conceded ; it was also that in which a high standard of administration throughout India and the continuance of a proportion of British recruits was considered most necessary. On the transferred side, however, the experiment was

made of leaving responsible Ministers to organise their own services. A hope was expressed by the Lee Commission that this would not involve the complete cessation of European recruitment and it is understood that in Burma for instance for the Forest Service the Local Government will endeavour to obtain a substantial proportion of European recruits. In many quarters, however, it is assumed that the provincialising of these Services is likely to involve as a rule the practical discontinuance of British recruitment.

Problems of control under a unitary system of Government.

8. If dyarchy is continued in the new constitution, the principle of control, which emerges from the Lee Commission's recommendations, may be expected to be maintained, and the Services dealing with the reserved field would naturally remain under the control of the Secretary of State, while those dealing with the transferred field would be controlled by the popular side of the Government. If, however, the Provincial Governments are unified, it will be necessary to examine the question of control of the remaining All-India Services on different lines. The problems that may present themselves would be somewhat as follows :—

(a) Are there any portions of the field of provincial administration in which Parliament would feel that it has a special responsibility ?

(b) If so, could that responsibility be exercised sufficiently by an external control of results, or would it be necessary for Parliament to assure itself that the general scheme of administration is sound, and for that purpose that the organisation and composition of the Services dealing with these portions of the administration are satisfactory ?

(c) Do the interests of the general administration of the country require that in certain branches there should be a high and uniform standard which could not be ensured if Services were organised and recruited on a provincial basis ?

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A.—All-India Services.
(i) The Indian Civil Service.

of those Services over which the Secretary of State still retains direct control, and in particular of the Indian Civil Service. The ordinary work of the Indian Civil Service is divided into two main branches, the executive and the judicial, to one of which officers are allotted as a rule after six or eight years' service and in which they ordinarily remain. The chief work of the executive branch lies in the district administration, and to explain the position of the Magistrate and Collector or District Officer (or Deputy Commissioner, as he is called in certain provinces), it is desirable to say a word about the system of district administration.

The District Officer.

The most essential feature of the local administration and one which is common to the whole of British India is the division of the country into districts, at the head of each of which is the District Officer who may be regarded as the direct representative of the Government for all general purposes in the district. It is in the district administration that the Government establishes its most direct contact with the people. The district is a unit which has grown to be part of the life of the people. It is not a mere administrative convenience, but may be regarded as an essential part of the organisation of the community. It has established itself in this position, because it corresponds to certain fundamental characteristics of the people. India has always been accustomed to personal relations between the people and those who have been set in authority over them, and the instinct of the people demands that they should be able to state their grievances in person to some individual who is in a position either to remedy them himself or to represent them to the distant and impalpable Government. India is a land of numerous grievances and of many petty tyrannies. It is also a land in which administrative abuses develop with remarkable rapidity unless they can be kept in check by a vigilant personal supervision. For all these reasons a system which brings Government officers, who are not mere clerical functionaries, but who are capable of dealing with the numerous practical problems and practical difficulties as they arise, into close contact with the people in an area of manageable size, is one the advantages of which are recognized equally by the Government and by the mass of the population. It provides an essential elasticity in the dealings of Government with the people and ensures prompt and practical communication to the Government of local calamities, local requirements and local feeling on matters of administration.

10. The two titles by which the District Officer is in most provinces known, *viz.*, Magistrate and Collector, indicate his primary functions. As chief magistrate of his district he is responsible on the one hand for supervising on the administrative side the magisterial work of the subordinate magistrates, and on the other hand, through the executive powers conferred mainly by the Code of Criminal Procedure, for maintaining peace and good order throughout his district. For this latter purpose also he exercises a general control over the Police. As Collector he is the chief revenue authority responsible for the collection of the land revenue and other less important Government dues. But in this capacity his main functions are not really those merely of collecting the

land revenue. It is his duty to look to the whole agricultural condition of the district on which the collection of the land revenue depends, to watch for symptoms of deterioration or to help projects for improvement, to recommend the suspension or remission of the land revenue on the occurrence of any calamity, to administer famine relief, to concern himself closely with all the problems of the relations between landlords and tenants and the system on which land tenures are based. These are his main duties as Magistrate and Collector. But in addition he used to be until recently and still is in the Punjab the Chairman of the District Board and thus in a position to exercise a powerful influence on the local administration of education, sanitation, hospitals, the upkeep of roads, etc. Not many years ago he used also to be the Chairman of the Municipal Boards in the district. As the direct representative of the Government for all general purposes in the district it is also his duty to keep in touch with the activities of all the special departments.

Possible developments under dyarchic system.

11. Details of his relations with other departments and of his general position are to be found in the accounts of the administration which have already been furnished to the Statutory Commission by the Government of Madras and the Government of the Punjab, and it is unnecessary to attempt to repeat or paraphrase the details which will be found in those notes. It is, however, important to consider to what extent the system of dyarchy may be expected to impair that general interest of the District Officer in all branches of the administration in his district which has hitherto been an important characteristic of his position. The development of special departments such as, education, public health, etc., has naturally tended to restrict his direct powers, but not seriously to curtail his
governmental activities.
as the representative onl
may lose touch with the important branches of administration which have been entrusted to the transferred side. This from the administrative point of view might have unfortunate results, not only on the position of the District Officer, but on the activities of the transferred side of Government. The transferred side not less than the reserved may be held to require under Indian conditions its own general representative in the district, and if it no longer makes use of the District Officer it seems possible that it will tend to lose touch with realities and to depend too much on centralised departments carrying out paper schemes without any very close regard to their actual effects on the population. Again while at present the District Officer retains certain powers of supervision over the local bodies in his district, there is a natural tendency to criticise a system which entrusts powers of supervision over a very important transferred branch to an officer whose main functions are concerned with the reserved side, and the exclusion of the District Officer from the powers of supervision which he at present exercises would be a not unnatural development of any accentuated system of dyarchy. On the other hand it may be argued that local bodies may need more than ever, as they are making their early experi-

ments in self-administration, the wise and practical assistance and advice of a local officer in the position of the District Officer, and that if the District Officer is removed from this position, and if there is no one who can be put in his place, the Provincial Governments may find themselves hampered in maintaining that degree of practical touch with local bodies which the circumstances of the time may seem to require.

It may be desirable to enquire in the Provinces whether any of the *tendencies suggested above have in fact begun to show themselves*, whether, if so, such developments are regarded as undesirable, and whether any accentuation of the system of dyarchy would be likely to make such developments more pronounced.

The Judicial Branch.

12. The second main branch of the Indian Civil Service is the judicial Members of the Indian Civil Service, corresponding in length of service and in status to District Officers, fill the important posts of District and Sessions Judges in which capacity they combine both civil and criminal jurisdiction. The Sessions Judge tries with the aid of assessors or juries the most serious criminal charges which have been committed for trial by Magistrates. They also hear appeals from the decisions of Magistrates who are empowered ordinarily to inflict sentences of imprisonment only up to two years. Appeals from the sentences of Sessions Judges go to the High Court. The importance of a firm and impartial administration of criminal justice to the general welfare of the people is very great, and the functions which the Indian Civil Service performs on the judicial side should not be under-estimated in comparison with the authority which they exercise on the executive side.

Special Posts.

13. Finally, there are a number of miscellaneous posts such as Secretaries to Government and the higher administrative posts on the executive side, *e.g.*, Commissioners and Members of Boards of Revenue, while on the judicial side a certain number of officers rise to the position of High Court Judges and in the High Courts provide a valuable element [illegible] s' experience of the actual [illegible] Members of the Indian Civil Service also fill certain posts of members of the Executive Councils of Governors and of the Governor-General, and, except in the Presidencies, are normally appointed as Governors.

(*ii*) The Indian Police Service.

14. The functions of the other Services may be described more briefly. Important though those functions are, there is nothing in them so peculiar to Indian conditions as the position of the District Officer. While the District Magistrate is primarily responsible for maintaining [illegible] functions of the District Superintendent of Police are becoming more difficult and more important. The police are responsible, under the general control of the District Magistrate, not only for the prevention and detection of crime, but for duties in connection with the preservation of peace, which in recent years have become more and more delicate.

In consultation with the District Magistrate it falls to them to regulate religious processions and prevent clashes between the rival communities. When as not infrequently happens, the peace is broken in connection with religious or industrial disputes, the police have to bear the brunt of the encounter with the mobs and to exercise, subject to the control of any Magistrate that may be present, their discretion as to the nature and degree of force which may be required to restore order. Though in the districts the police work in the closest touch with the District Magistrate, the police force is of course organised provincially as a self-contained body, under the administration of the Inspector General of Police assisted by Deputy Inspectors General, who in their turn supervise the work of the District Superintendents.

(iii) The Indian Service of Engineers (Irrigation Branch).

15 Officers of the Irrigation Branch of the Indian Service of Engineers have designed and executed, and maintain, irrigation works on a scale not approached in any other country. The importance of their activities naturally varies in different provinces, but in the Punjab in particular, in the United Provinces, in the Madras Presidency, and now in the great Sukkur Barrage Project in Sind, very large capital sums have been sunk in the provision of works on which depend, not only the agricultural prosperity of large tracts of country, but in many cases their actual economic existence.

(iv) The Indian Forest Service.

16. The Indian Forest Service administer property the potential value of which is very great. Their work consists, not only in administering the forest areas, maintaining the forests and carrying out schemes of afforestation, but also in commercial exploitation of the resources of the forests For this purpose important scientific and economic work is carried out in the Forest Research Institute at Dehra Dun. It has already been mentioned that in Burma and Bombay, where Forests is a transferred subject, recruitment for the Indian Forest Service has ceased, and its functions in these provinces will gradually be transferred to new Provincial Services. The considerations for and against the transference of "Forests" in the remaining provinces, which would presumably carry with it the complete cessation of recruitment for the Indian Forest Service, have been discussed in a separate Memorandum.

(v) The Indian Medical Service (Civil).

17. The Indian Medical Service is primarily a Military Service maintained for duties in connection with the Indian Army. In practice, however, approximately half the total numbers of this Service have been employed in civil administration, and the Civil Branch of the Indian Medical Service is one of the important All-India Services. The whole question of the organisation of the Indian Medical Service has come under most careful review in connection with the recommendations of the Lee Commission. The number of posts reserved to the Indian Medical Service in the civil administration has been appreciably curtailed, the object being to maintain in civil posts only such number of Indian Medical Service officers as are required to form the necessary reserve of military doctors for the Army and to provide, by a system of grouping, for attendance by British doctors on British members of the Superior

Civil Services. The greater number of Indian Medical Service officers employed in the provinces are Civil Surgeons of districts, their duties being, apart from attendance on the members of the Superior Services, to supervise generally the medical and hospital arrangements throughout the district, to advise on sanitation problems where there is no special staff employed for the purpose, to take measures for dealing with epidemics, etc., and generally to look after the public health of the district. Hitherto, though it is uncertain how long the system will continue, an appreciable number of Indian Medical Service officers have been employed as wholetime Superintendents of the most important jails, while Civil Surgeons have usually in addition to their other duties been placed in charge of District Jails. The administration of jails is a reserved subject but the work of the Indian Medical Service is primarily concerned with transferred subjects and this Service provides the only instance of an All India Service which is being continued on the old lines, and which yet deals primarily with transferred subjects. But the reorganisation referred to above will enable Local Governments to make a start with developing their own Provincial Medical Services to replace a number of posts which had hitherto been held by Indian Medical Service officers.

B.—Central Services controlled by the Secretary of State. (i) Ecclesiastical Department.

18. Among the Central Services the Secretary of State maintains his control over the Ecclesiastical and Political Departments. The Ecclesiastical Department provides Chaplains of the Churches of England and Scotland for the British Troops and British civil officers.

(ii) Political Department.

The Political Department is divided broadly into two branches. On the one hand, there is the Political branch dealing with the relations between the Paramount Power and the numerous Indian States. On the other hand there is the Foreign branch dealing with India's relations with her foreign neighbours and administering the border areas of the North West Frontier Province and Baluchistan. The Political Department is the special province of His Excellency the Viceroy himself. It is recruited, in part, from members of the Indian Civil Service, and more largely from officers of the Indian Army. Provincial Civil Service officers are also promoted to it on occasion. Selections for the Department are made by His Excellency the Viceroy.

(iii) Superior Railway Services. (iv) Superior Telegraph Engineering and Wireless Branches of the Indian Posts and Telegraphs Department. (v) Officers holding the

19. The Indian Railway Service of Engineers, the Superior Revenue Establishment of State Railways and the Superior Telegraph Engineering and Wireless Branches of the Indian Posts and Telegraphs Department require at present the recruitment of an appreciable number of British officers, and in order to maintain this recruitment it was decided on a consideration of the Lee Commission's Report to continue the control of the Secretary of State over recruitment outside India.

It has been decided further that the Secretary of State should retain power to protect the interest of officers holding the King's Commission employed in the Survey of India and Mint and Assay Departments and

to ensure that the number of such officers so employed should not without due cause be diminished. King's Commission.

Indianisation

20. The Indianisation of the Superior Services has long been a question in which Indian opinion has taken the keenest interest. The question does not arise in the Services from the old Provincial Services downwards, which are manned practically exclusively by Indians, or Europeans or Anglo-Indians with Indian domicile, who for these purposes are treated as Indians. For many years no recruitment of any but Indians or statutory natives of India has been made to these Services. The problem of Indianisation therefore may be said to be confined practically to the All-India Services and the Central Services, Class I. This question formed one of the principal subjects of enquiry by the Lee Commission. The Commission made most important recommendations The effect of their proposals with regard to the All-India Services on the transferred side was practically to stop European recruitment, and Indianisation in the new Provincial Services will be complete, except in so far as Indians themselves may wish to recruit Europeans for special reasons. In the All-India Services, which remain under the control of the Secretary of State, a great increase was made in the number of Indians to be recruited. In the Indian Civil Service 20 per cent. of the superior posts are to be reserved for promotion from the Provincial Civil Services, that is to say, for Indians. In the matter of direct recruitment the proportion of Indians to Europeans has been fixed at half and half. The practical effect of this is that when promotion is on a normal footing, some 21 Europeans only will be recruited annually for the Indian Civil Service. In the case of the Indian Police Service 20 per cent. of the superior posts is to be reserved for the Provincial Services. Direct recruits are taken in the proportion of $\frac{5}{8}$ Europeans to $\frac{3}{8}$ Indians. This gives a higher proportion of European officers in the Indian Police Service than in the Indian Civil Service, the Lee Commission being of opinion that present conditions rendered this necessary. These recruitment figures were estimated by the Lee Commission to produce in the Indian Civil Service a 50 : 50 cadre of Europeans and Indians in 15 years from the date of commencement of the scheme and in the Indian Police Service in 25 years. For the Indian Service of Engineers in the Irrigation Branch and in Assam recruitment has been fixed at 40per cent. Europeans, 40 per cent directly recruited Indians, and 20 per cent promotions from the Provincial Engineering Services which gives practically the same proportions as in the Indian Civil Service. In the Indian Service of Engineers in Madras where the two branches have not been separated recruitment is on the basis of 33 per cent. Europeans, 45 per cent. directly recruited Indians and 22 per cent. promotions from the Madras Engineering Service. In the Indian Forest Service on the other hand a much higher rate of Indianisation has been laid down the ratio of recruitment being 75 per cent. Indians and 25 per cent Europeans. The Ecclesiastical Department consists of Europeans In the Political Department the present rate of recruitment is approximately 25 per

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that province. This is the policy which is generally being pursued in the case of the Indian Civil Service, while in the case of the Indian Police Service candidates are actually restricted to residents of the provinces concerned. There is undoubtedly a definite feeling in the provinces that the members of the All-India Services posted to them should be their own men. There is of course the possibility that certain provinces may tend to monopolise success in the competitive examinations. In particular Madrassis have a large number of places in the Indian Civil Service. Hitherto there has been no difficulty in absorbing them in provinces other than Madras. But a very pronounced and continuing excess of successful candidates from one or two provinces would undoubtedly lead to protests from other provinces based partly on provincial patriotism, and partly on the undoubted fact that men from one province are not always suited for handling the inhabitants of a widely different province

Problems arising from recruitment of Indians for the Indian Civil Service in India and the United Kingdom.

23. Another problem which has caused the Government of India and the Secretary of State considerable anxiety is that of distributing recruitment for the Indian Civil Service between England and India. Until comparatively recently entrance to the Indian Civil Service could only be secured through success at the competitive examination in England. When the first substantial steps towards Indianisation of the Indian Civil Service were taken as a result of the Islington Commission's Report it was decided that the additional Indians, who were not at the time likely to be secured through the open competition in London, should be recruited through a special examination for Indians in India. The whole situation, however, was dislocated by the War and its after-effects For a considerable period the number of British candidates dwindled to very small proportions, and this stimulated the appearance of Indian candidates in London where they were faced with insignificant competition. The result is that, though the British candidature is now re-established, a large number of Indians still continue to compete in England, and when any considerable number of these are successful, a comparatively small number of vacancies remain to be offered for competition in India The whole problem was placed before the Secretary of State recently by the Government of India, but no solution has yet been reached.

cent. Indians to 75 per cent. Europeans. In the Superior Telegraph Engineering and Wireless Branches of the Indian Posts and Telegraphs Department recruitment is 25 per cent. Europeans and 75 per cent. Indians. For the Indian Ra[illegible] Revenue Establishment of [illegible] India are being extended so [illegible] as soon as practicable up to 75 per cent. of the total number of vacancies in the railway departments as a whole. For the remaining Central Services no rates of Indianisation were laid down. This matter is being left to the decision of the Government of India. But in practice it may be taken that Europeans will only be recruited for special reasons and that Indianisation will be practically complete. In the Audit and Accounts Service, for example, recruitment has since 1920, been made entirely in India.

Effect of Lee Commission's recommendations.

21. These changes are of a drastic nature and will, as time goes on, affect the composition of the Services in the most marked way. At present a certain impatience is exhibited in political circles because Indianisation does not show very striking immediate results. It is clear, however, that it must take some time before new recruits rise to positions of importance. In the meantime it is necessary to remember that the full effect of these changes has not yet begun to show itself, for recruitment on the new lines has been in progress for not more than about three years. That the changes will have very far-reaching effects no one can doubt, and the present policy of the Government of India is to observe those effects before taking any further action. A statement* is attached showing the recruitment to the main Services since 1924 and the resulting racial composition of the Services. This statement gives some idea of the rate at which Indianisation is proceeding.

Recruitment from minority communities.

22. One p oblem, which has come prominently to the fore in consequence of the extensive policy of Indianisation, is that of the minority communities. Under a system of unrestricted competition experience showed that the Hindu community would practically monopolise the superior services. This was a position against which the minority communities, and in particular the Muhammadan community, protested vigorously, and the justice of that protest has been recognised by the Government of India. Consequently as a general rule provision has been made for withholding from competition approximately one-third of the vacancies, so that if the results of the competition necessitate such action, these places may be filled by nominating fully competent members of minority communities. The system is at present working satisfactorily in the Indian Civil Service and the Indian Police Service, in that there is no lack of qualified candidates of minority communities for appointment by nomination. Another problem which has arisen is that of provincial feeling. As soon as a large number of Indians begin to enter the All-India Services, the question arises whether the Indians allotted to any particular province should, if possible, be residents of

Provincial feeling.

*Appendix

that province. This is the policy which is generally being pursued in the case of the Indian Civil Service, while in the case of the Indian Police Service candidates are actually restricted to residents of the provinces concerned. There is undoubtedly a definite feeling in the provinces that the members of the All-India Services posted to them should be their own men. There is of course the possibility that certain provinces may tend to monopolise success in the competitive examinations. In particular Madrassis have a large number of places in the Indian Civil Service. Hitherto there has been no difficulty in absorbing them in provinces other than Madras. But a very pronounced and continuing excess of successful candidates from one or two provinces would undoubtedly lead to protests from other provinces based partly on provincial patriotism, and partly on the undoubted fact that men from one province are not always suited for handling the inhabitants of a widely different province

Problems arising from recruitment of Indians for the Indian Civil Service in India and the United Kingdom.

23. Another problem which has caused the Government of India and the Secretary of State considerable anxiety is that of distributing recruitment for the Indian Civil Service between England and India. Until comparatively recently entrance to the Indian Civil Service could only be secured through success at the competitive examination in England. When the first substantial steps towards Indianisation of the Indian Civil Service were taken as a result of the Islington Commission's Report it was decided that the additional Indians, who were not at the time likely to be secured through the open competition in London, should be recruited through a special examination for Indians in India. The whole situation, however, was dislocated by the War and its after-effects. For a considerable period the number of British candidates dwindled t[illegible]
of Indian [illegible]
competitic[illegible]
re-established, a large number of Indians still continue to compete in England, and when any considerable number of these are successful, a comparatively small number of vacancies remain to be offered for competition in India The whole problem was placed before the Secretary of State recently by the Government of India, but no solution has yet been reached.

APPENDIX.

Statement showing the progress of Indianisation in the Civil Services during the years 1924, 1925, 1926 and 1927.

Service	Number of officers recruited in :—								Number of officers in service on :—								Remarks
	1924.		1925		1926.		1927.		1-1-25		1-1-26		1-1-27.		1-1-28.		
	Europeans.	Indians.	Europeans.	Indians.	Europeans.	Indians.	Europeans.	Indians.	Europeans.	Indians.	Europeans.	Indians.	Europeans.	Indians.	Europeans.	Indians.	
All-India Services.																	
Indian Civil Service .	3*	15*	20*	22*	28*	27*	37*	36*	1,048†	267†	980†	286†	936†	311†	922†	333†	
Indian Police Service.	10	13‡	14	17‡	14	11‡	13	12	634	93	613	95	584	105	568	118	
Indian Forest Service	2	11	1	6	..	3	2	4	271	84	261	89	257	93	239	93	
Indian service of Engineers.	12	15	8	11	7	13	7	13	400	307	386	297	372	301	364	301	
Indian Medical Service (Civil).	..	...	..	..	..	..	..	..	324§	56§	317§	75§	288§	86§	268§	87§	
Indian Educational Service—																	
Men's Branch .	3	3	..	1	..	..	..	..	169	120	162	119	146	115	131	104	
Women's Branch .	1	..	.	..	..	.	..	..	24	9	24	6	20	7	19	6	
Indian Agricultural Service.	..	..	..	..	..	..	..	..	74	36	70	36	66	36	64	36	
Indian Veterinary Service.	1	..	..	..	..	.	..	..	35	2	32	2	28	2	27	2	

Central Services—Class I.																
Political Department of the Government of India	8	1	10	7	5	2	9	3	158	6	168	9	160	9	150	11
Superior Telegraph Engineering and Wireless Branch.	..	1	2	2	..	1	1	2	41	28	38	29	36	30	35	30
Superior Railway Engineering Service	3	8	5	3	5	4	10	13	158‖	100	223‖	90	212	94	192	107
Superior Revenue Establishment (Railways)	4	5	1	4	24	16	14	15	275‖	157	380‖	157	403¶	162	380	176
Survey of India, Class I	2	2	.	3	4	.	..	3	44	13	41	12	45	11	45	13
Mint Department .	1	.	..		.	.	..	..	3	..	3		3	..	3	.
Assay Department .	..	..	..	..				.	1	2	1	2	1	2	1	2
Archæological Department	.		.	2	.	.	..	1	7	12	6	14	6	14	6	14
Geological Survey of India	..	1	1	1	1	1	..	1	21	6	21	7	21	8	20	9
Imperial Customs Service (Non-Civilian) including the appointment of Chemical Examiner for Customs	2	4	1	2	1	1	2	.	15	14	13	16	14	16	18	15

* The figures for the I. C. S. show the numbers of candidates selected for the years specified. These candidates actually take up their appointments after a period of probation fixed at present at one year for recruits selected in England and 2 years for recruits selected in India.

† Includes incumbents of listed posts.

‡ Includes Indians recruited by competitive examination whose actual appointments took place in the early part of the following year.

§ These figures relate only to members of the Service in permanent civil employ. Recruitment for the civil side is not made separately.

‖ Increase due to Company-managed Railways being transferred to State control.

¶ Increase due to arrival in India of a batch of European recruits indented for before the Railways concerned were transferred to State control.

APPENDIX—*contd.*

Statement showing the progress of Indianisation in the Civil Services during the years 1924, 1925, 1926 and 1927—contd.

Service.	Number f officers recruited in :—								Number of officers in service on :—								Remarks
	1924.		1925		1926.		1927		1-1 25		1-1-26		1-1-27.		1-1-28.		
	Europeans.	Indians.	Europeans.	Indians.	Europeans.	Indians.	Europeans.	Indians	Europeans	Indians	Europeans.	Indians.	Europeans.	Indians	Europeans.	Indians.	
Central Services—Class I—contd.																	
Indian Audit and Accounts Service	..	1	.	18	.	13	.	16	61	98	65	120	62	129	59	144	
Indian Meteorological Service.	..	..		1	..	1	..	6	3	4	3	5	3	6	3	12	
Indian School of Mines.	..	..	.		2	..		1	..	..	.	..	3	..	3	1	
Military Accounts Department.	1	3	2	1	2	3	..	1	44	15	41	15	41	18	40	19	
Mines Department .	..	1	1	1	..	.	1	.	6	2	7	3	6	3	7	3	
Post Office . .	..	3	1	3	..	.	2	10	6	28	6	28	6	28	7	28	
Zoological Survey .	..	1	1	1	..	..		1	.	4	1	5	1	5	1	6	

DIVISION OF THE SOURCES OF REVENUE BETWEEN THE CENTRAL GOVERNMENT AND THE PROVINCIAL GOVERNMENTS

TABLE OF CONTENTS.

Division of the Sources of Revenue between the Central Government and the Provincial Governments.

(Meston Settlement.)

PRE-REFORM SETTLEMENTS.*

1. For several decades after the passing of the Charter Act of 1833, 1833-70.
which vested the direction of the entire civil and military administration and the sole power of legislation in India in the Governor General in Council, the financial administration of India was completely centralised in the hands of the Government of India. Except for local cesses on land revenue, which are similar to the *centimes additionnels* in France, levied by some Provinces for roads, schools and other local services, Provincial Governments were entirely dependent on annual assignments from the Central Government for the maintenance of the administration The Central Government had also complete control over the growth of Provincial expenditure, for their sanction was required for all proposals, however trivial the expenditure involved. It was not long before the defects and dangers of this highly centralised system became manifest The local Governments, deeply interested in schemes for the welfare of the people entrusted to their care and ignorant of the requirements of other Provinces, or of India as a whole, were inclined, in their zeal for administrative progress, to press on the Central Government schemes, which in themselves deserved encouragement but which nevertheless had to be rejected on account of more urgent demands from other Provinces or on account of fiscal considerations. They were thus brought into frequent conflict with the Central Government, who were not in a position fully to understand local requirements and had not the requisite knowledge for a successful development of local resources In these circumstances, the distribution of the public income, as Sir Richard Strachey has described in an oft-quoted passage, "degenerated into something like a scramble, in which the most violent had the advantage, with very little attention to reason; as local economy brought no local advantage, the stimulus to avoid waste was reduced to a minimum, and as no local growth of the income led to [illegible] the public revenu[illegible]

2. To the Government of Lord Mayo, belongs the credit for initiat- Lord May
ing the first important measure of financial decentralization in India. scheme of
In 1870-71 the Government of India made over to the Provincial Gov- decentrali
ernments the administration of Jails, Registration, Police, Education, tion, 1870
Medical Services, Roads and Buildings and Printing. To meet the cost of the administration of these provincialized services, there were assigned

* The account of the Pre-reform Settlem[illegible]

to the Provincial Governments the departmental receipts under the *corresponding heads and also a fixed lump grant from Central revenues.* Any additional expenditure on these services was to be met from savings on existing charges and by the imposition, where necessary, of local taxes. Provincial Governments were also given power to allot the revenues assigned to them at their discretion subject to certain financial rules and the Government of India ceased to scrutinise the Provincial estimates in detail.

ord Lytton's heme of ecentralization, 1877.

3. This limited measure of decentralization was a success, both administratively and economically. The expenditure on the provincialised services, which had amounted to £6·3* millions in 1868-69, was reduced to £5·3 millions in 1877-78. The scheme, however, suffered *from the defect that the services in which the provinces were given a* financial interest were relatively unimportant from the revenue aspect and Provincial Governments had no inducement to develop the revenue that they were raising from other sources. Important modifications were introduced in these Provincial settlements by the Government of Lord Lytton in 1877. Provincial responsibility in regard to expenditure was extended to certain other heads including land revenue, general administration, law and justice, while certain important heads of revenue, including stamps, excise and the license (now income) tax, were provincialised. Any increase over the revenues as they stood at the time of the settlements was to be shared with the Government of India, who were also to bear a share of any decrease. It was not, however, possible entirely to dispense with the fixed grants, except in the case of Burma and Assam, who were given a share of the land revenue in lieu of the fixed assignments.

With the extension of the financial functions of the Provincial Governments, however, scrutiny of Provincial receipts and expenditure became more detailed and the liberty of Provincial Governments to meet a deficit in current year's revenues by expenditure from Provincial balances was also curtailed.

Quinquennial settlements of 1882-1904.

4. In 1882 fresh settlements were made with the major Provinces under which the allocation of revenue was breifly as follows :—

Central.	Divided equally between Imperial and Provincial	Provincial
Customs	Forest	Provincial rates.
Salt	Excise	Law and justice
Opium	License tax	Public Works
Posts and Telegraphs	Stamps	Education.
† Railways	Registration	...
† Irrigation	....	....

* Speech by Lord George Hamilton on Indian Financial Statements in the House of Commons, 21st June 1877.

† These heads were not entirely Central.

The distribution of expenditure followed the incidence of revenue. Excess of Provincial expenditure over revenues was made up by assignments from the Central Government expressed as a percentage of the land revenue of each Province, which was otherwise a Central receipt.

In the subsequent quinquennial revisions, land revenue became definitely a divided head, while railways became almost entirely Central. An important feature of these revisions was the resumption of the Provincial surpluses at the end of the five-year period. In 1887 and 1892 the Central Government resumed Rs 64 * lakhs and Rs 46 lakhs respectively.

Defects of the quinquennial settlements.

5. The system of quinquennial settlements was marked by several grave defects—

(1) In the first place, the periodical revisions interfered with the continuity of Provincial finance and each revision involved a protracted and sometimes controversial discussion with the Provincial Governments.

(2) In the second place, the system tended to encourage extravagance rather than economy. The policy of periodical resumption of Provincial surpluses (which was largely necessitated by severe financial pressure on the Government of India *during the years of low exchange) destroyed any incentive* in a Provincial Government to economise, since it knew that its reduced standard of expenditure would be the basis for a correspondingly unfavourable settlement at the next revision. The tendency was, therefore, to spend money not on carefully considered schemes of development but on such as could be carried through before the close of the settlement in order to leave as small a balance as possible for resumption at the impending revision.†

(3) In the third place, the specific arrangements for the sharing of revenue and the allocation of expenditure varied from time to time in the different Provinces and there was no definite or logical principle underlying the apportionment.

The quasi-permanent settlements, 1904-11.

6. The quasi-permanent settlements of 1904 were intended partly to remove these defects and partly, as their name indicates, to introduce an element of permanence into the settlements. The general principles underlying these settlements were explained by Lord (then Mr.) Meston in his evidence before the Decentralization Commission of 1909. They are briefly as follows :—

(a) The Government of India retained certain administrative services which it was inexpedient to hand over to Provincial Governments and they reserved the revenues from those services and such a share of the other public revenues as was adequate to the expenditure falling upon them.

* Financial Statements, 1904-1905.
† Lord Meston's evidence before the Decentralisation Commission.

(*b*) The remaining administrative services of the country were entrusted to Provincial Governments, each of which received an assured income that was independent of the needs of the Government of India and sufficient for its normal expenditure.

(*c*) This income was given in the form of a definite share of the revenue which the Provincial Government collected in order that the Provincial Governments' resources might expand along with the needs of its administration.

(*d*) As far as possible, the same share of the chief sources of revenue was given to each Province to ensure a reasonable equality of treatment.

The revenues assigned to the Provinces under these settlements were definitely fixed and were not subject to alteration by the Government of India save in the case of a grave Imperial necessity or in the event of experience proving the assignments made to have been materially disproportionate to normal Provincial requirements. The division of the sources of revenue was roughly as follows :—

Central.	Heads generally divided equally.	Provincial
Opium	Land revenue	Registration.
Salt	Excise	Police.
Customs	Stamps	Education
Mint	Income-tax	Law and Justice
Railways	Forests	Medical.
Posts and Telegraphs	Major Irrigation	Minor Irrigation
Tributes	....	Provincial Civil Works.

The difference between expenditure and income was made up by a fixed assignment under the land revenue head, but the Government of India aimed at making these assignments as small as possible, so as to enable each Province to derive the bulk of its resources from growing revenues.

Recommendations of the Decentralization Commission.

7. The problem of Provincial settlements was examined at some length by the Royal Commission on Decentralization in 1909, but no changes of a fundamental character were recommended. The Commission considered the possibility of a more definite separation between Imperial and Provincial finances by means of an arrangement under which the heads of revenue and expenditure which were divided would become wholly Provincial and the Government of India would receive contributions from each Province on the analogy of the *matrikular*

beitrage of the German Empire. Three alternative methods by which such contributions might be made were considered—

(*a*) A fixed sum revisable every few years.

This was rejected as impracticable by the Commission on the ground that periodical revisions of the fixed assignments would provoke recurring controversies with the Provinces of the same character as those which it had been the object of the quasi-permanent settlements to avoid

(*b*) A lump percentage on the Provincial revenues.

This was rejected on the ground that the percentage as between the various Provinces could not obviously be uniform, since the richer and more advanced would necessarily have to contribute a larger proportion of their revenues to the Central Government. Such percentages would, therefore, have to be arrived at by an examination of the resources of each Province under each head and the system would not differ from the detailed Provincial settlements then in force

(c) A fluctuating contribution imposed by the Government of India and calculated upon the population or the revenues of the different Provinces.

The Commission considered that a subsidy based on population or wealth or revenues would be unfair to the relatively poor and undeveloped Provinces while there was no method [illegible] the various Provinces. [illegible] n Provincial revenues [illegible] ertainty into the Provincial finances and the position of these would be rendered worse.

The Commission approved of the system of divided heads, since under such an arrangement the Government of India would be more interested in and identified with Provincial Governments. They could also exercise control in matters of general policy with less friction, if they were also concerned pecuniarily. They advocated, however, the conversion of unduly large fixed assignments into shares of growing revenue even at the sacrifice of uniformity as regards the shares of divided heads as between the Provinces

Permanent settlements of 1911.

8 When the quasi-permanent settlements were concluded with the various Provinces between the years 1904-1907, it was hoped that an element of stability in the relations between the Central Government and the Provincial Governments would be introduced, but almost before the work was finished a complete revision was found necessary in the case of the United Provinces and substantial re-adjustments were made in the settlement with Madras. Large subsidies had to be made to several Provinces, in some cases as a result of anbormally heavy famine expenditure and in others with no such justification. Burma suffered

considerable inconvenience under its new settlement, while Bengal became almost bankrupt within a few years. The Government of India were not always in a position to enforce the obligations of the Provinces under the settlements, because the difficulties of some of the Provincial Governments were due to real defects in the settlements.

9. When the question of making permanent settlements with the Provinces was considered in 1910-11, the Government of India made a very careful enquiry into the financial effects of the quasi-permanent settlements in order to satisfy themselves that they were suitable for confirmation in perpetuity. Since these permanent settlements were in force when the Reforms were introduced, it is important to know the precise procedure adopted by the Government of India in framing them. The method by which the adequacy of the settlements was tested is described below :—

> The figures under each major head for the previous twelve years were carefully examined with special attention to the period which had elapsed since the conclusion of the last settlement. The figures of revenue and expenditure in the budget for 1910-11 were then scrutinised in detail, and abnormal items as far as possible eliminated. On this basis new standards of revenue and expenditure were assumed, and from them a hypothetical equating figure was deduced The figure thus obtained was compared with the actual fixed assignment in the current year's budget. If the difference was not more than one per cent. on the Provincial revenue, the calculations were taken as evidence that the settlement was adequate. If the difference was greater and the hypothetical equating figure was decidedly larger than the actual assignments, it was then assumed that the settlement was defective. These conclusions were checked with an entirely independent estimate of the working of each settlement which had previously been obtained from the Accountant-General of the province concerned. In the course of this examination, the normal rate of annual growth under each major head was calculated with reference to the actual figures of a selected normal year in the past and the corrected figures of the current budget. The aggregate rate of growth on each side of the account was then struck. If the yearly increment of expenditure was greater than the increment of revenue, and there was no evidence of serious improvidence, a case was considered to be established for commuting the fixed assignments for a further share in growing revenue, to such extent as was necessary to secure an approximate equality between the two rates of growth.

10. The following statement shows the provincial shares of the principal heads of revenue and the corresponding expenditure under the permanent settlement :—

R = Revenue
E = Expenditure.

Province	Land Revenue		Stamps		Excise		Assessed Taxes.		Forests.		Registration.	
	R	E	R.	E	R.	E	R.	E.	R	E.	R.	E.
Madras . .	One-hal . . .	Whole	One half	One half	One-half .	One half .	One-half	One half	Whole	Whole	Whole	Whole.
Bombay . .	*Whole* o assessment of alienate lands less quit-rents and *half* of the other minor heads.	Whole	One-half	One-half	Whole . .	Whole	One-half*	One-half	Whole	Whole	Whole	Whole.
Bengal . .	*Whole* of collections from Government estates and *one-half* of all other sub-heads.	Whole*	One-half	One-half	Three-fourths	Three fourths	One-half	One-half	Whole	Whole	Whole	Whole.
Eastern Bengal and Assam.	One-half* . . .	Whole*	One-half	One-half	Whole .	Whole	One-half	One-half	Whole	Whole	Whole	Whole
United Provinces	Three-eighths* . .	Whole	One-half	One-half	Three-fourths	Three fourths	One-half	One-half	Whole	Whole	Whole	Whole
Punjab . .	One-half . . .	Whole	One-half	One half	One-half	One-half	One-half	One-half	Whole	Whole	Whole	Whole
Burma . .	Five-eighths . . .	Whole	One-half	One-half	One-half .	One-half	One-half	One-half	Whole	Whole	Whole	Whole.
Central Provinces	One-half . . .	Whole	One-half	One-half	Three-fourths	Three-fourths	One-half	One-half	Whole	Whole	Whole	Whole

* With certain minor exceptions.

Tendencies in the development of fiscal relations.

11. The history of the earlier settlements has been given in some detail, because it is not generally realised that some of the suggestions that have been made during recent years for the modification of the Meston Settlement had been carefully examined and rejected by the Government of India or by expert bodies such as the Royal Commission on Decentralization. It may be useful at this stage to summarise the salient features of the last of the pre-Reform settlements and the tendencies in the development of the fiscal relations between the Government of India and the Provincial Governments—

(1) The settlements were based primarily on the estimated needs of individual Provinces and not on Provincial revenues. The point is rather important, since, in determining the initial Provincial contributions, the Meston Committee took into consideration only the increased spending power that was expected to result from their scheme of redistribution and practically ignored the requirements of the Provinces.

(2) The income from the divided heads of revenue was still supplemented by special contributions, both recurring and non-recurring, out of the Central Government's surplus revenues. In fact, the special contributions were larger than in the period when the quasi-permanent settlements were in force.

(3) Though the intervention of the Government of India in the preparation of Provincial budgets was considerably curtailed, there was no relaxation of the control over taxation. Control over Provincial expenditure also continued and, in fact, was inevitable under a system of financial settlements based on Provincial requirements.

(4) *Although the Government of India laid down the principle* (endorsed by the Decentralization Commission) that the same share of the chief sources of revenue should be given to each Province to ensure a reasonable equality of treatment, there was no uniformity as regards the percentage of each head of revenue allotted to the Provinces. For instance, while Madras, the Punjab and Burma got only one-half of the [illegible]ed Provinces and the Central [illegible]d the other Provinces the [illegible] for, as the following statement shows, the growth of revenue between the years 1912-13 to 1920-21 in the different Provinces was very unequal :—

*Percentage of growth between 1912-13 and 1920-21 under the principal heads of revenue.**

Province	Excise	General Stamps	Land Revenue and other Provincial heads	All Provincial heads
Madras . .	70 24	63 22	11·66	29 06
Bombay . .	102 57	119 13	32 00	52 43
Bengal	35 91	69 49	13 52	22·30
United Provinces . . .	43 70	45 75	17·13	20 82
Punjab . .	106·78	73 73	26 86	34·88
Burma . . .	36 15	26 62	33 52	33 65
Bihar and Orissa . .	24 20	55·29	4 53	11 20
Central Provinces . .	49 00	48 25	26 30	33 18
Assam .	44 26	22 22	20 60	28 00
All the 9 provinces . .	62 27	69 24	20 98	30 48

* (See paragraph 7 of the Report of the Financial Relations Committee).

12. The next phase of development in the financial system of India comes with the introduction of the Montagu-Chelmsford Reforms of 1919 and it now becomes necessary to link financial history more closely with certain salient features of the constitutional problems which then arose and still continue The nature of the problems, constitutional as well as financial, which His Majesty's Government had to deal with in 1917, and the views of the authors of the Report on Indian Constitutional Reforms, as to the changes which they sought to bring about in pursuance of the policy enunciated by His Majesty's Government are summed up in paragraph 120 of the Report which is here quoted— Montagu-Chelmsford Reforms.

"We have dealt at some length with the strong tie which binds the provinces to the central government. It seemed to us necessary to analyse it, because it constitutes the chief obstacle across our path, and also affords a plain warning to those who are disposed to be misled by facile analogies from federal constitutions. Granted the announcement of August 20, we cannot at the present time envisage its complete fulfilment in any form other than that of a congeries of self-governing Indian provinces associated for certain purposes under a responsible Government of India; with possibly what are now the Native States of India finally embodied in the same whole, in some relation which we will not now attempt to define. For such an

organization the English language has no word but 'federal'. But we are bound to point out that whatever may be the case with the Native States of the future, into the relation of provincial and central governments the truly federal element does not and cannot enter. There is no element of pact. The government of the country is at present one; and from this point of view the local Governments are literally the 'agents' of the Government of India. Great powers have been delegated to them, because no single administration could support the Atlantean load. But the process before us now is not one of federalising. Setting aside the obstacles presented by the supremacy of Parliament, the last chance of making a federation of British India was in 1774, when Bombay and Madras had rights to surrender. The provinces have now no innate powers of their own, and therefore have nothing to surrender in a *foedus*. Our task is not like that of the Fathers of the Union in the United States and Canada. We have to demolish the existing structure, at least in part, before we can build the new. Our business is one of devolution, of drawing lines of demarcation, of cutting long standing ties. The Government of India must give and the provinces must receive: for only so can the growing organism of self-government draw air into its lungs and live It requires no great effort of the imagination to draw a future map of India which shall present the external semblance of a great new confederation within the Empire. But we must sedulously beware the ready application of federal arguments or federal examples to a task which is the very reverse of that which confronted Alexander Hamilton and Sir John Macdonald."

13. While it is necessary, as has been suggested in the passage quoted above, to beware of facile analogies from federal systems, nevertheless it may be pointed out that there are certain general principles underlying the fiscal systems of all civilised countries which are of universal application and also that the problem of the financial relations between a federal authority and its component states can usefully be compared with the problem of the financial relations between the Central Government and Provincial Governments in India. The former problem is one which has arisen frequently during the last century, and in the history of the United States, Switzerland, Germany, Canada, Australia and South Africa, there are a number of practical examples of the way in which it has been approached. Before the important changes in the financial machinery of India introduced with the Reforms are described it may therefore be useful to examine the principles on which the fiscal systems of these federations are based.

Financial systems of certain federations.

14. An account in some detail of the fiscal relations between the federal government and the component states in the six countries referred to in the last paragraph is given in Appendix I. It will be observed

that there is very little similarity between the systems that have been evolved in the different federations, and that the distribution of resources between the federal government and the component states is not based upon theoretical principles. This is not surprising, for, as has been observed by the Taxation Committee, the systems adopted by different countries have been "moulded by widely differing influences emanating from the past history of the particular states, the psychology of their people, the religious differences prevailing among them and their trade and foreign relations with other states". The salient features of these systems, which may be of interest in the consideration of the Indian problem, are briefly summarised below :—

(1) It will be observed that it is almost the invariable rule that customs duties, including export duties, and excise duties are exclusively in the hands of the central Government and this is true even of those federations where the federal authority is weakest. This arrangement involves freedom of inter-State trade and its control by the central authority and in all cases the desire to secure such freedom of inter-State trade has been one of the principal motives for federation. The principle has been held to necessitate a degree of interference by the Central Government, which has yet to be realised in India. Thus in the United States, it has been held to involve central control of navigable waters in States which are accessible from other States, to rule out taxation by local authorities of imported articles while in their original packages and to bar State taxation on gross receipts of railways and steamship companies operating beyond the State and on passengers landing from steamships.

(2) In most of the federations no attempt has been made completely to separate the sources of revenue of the federal Government and the constituent States, nor is such a separation considered essential in order to ensure the fiscal autonomy of the States.

(3) Income-tax was generally regarded as a source of State revenue, but the recent experience of some of the federations has shown that in practice the raising of considerable sums through an income-tax can only be done on a national scale. In the United States of America, Australia and Canada, the federal Governments abandoned their previous reliance on indirect taxation and imposed direct taxes as soon as an emergency arose. In most of the federations, income-taxes are now levied both by the federal Government and by the constituent States. In Germany and Switzerland, income-taxes are administered by the Provinces but the control is federal.

(4) Subsidies from the Central Government to the constituent States or Provinces are a normal feature of many of the federal constitutions.

the Provincial contributions were calculated as shown in the following statement :—

(In lakhs of rupees).

Province	Gross Provincial revenue.	Gross Provincial expenditure.	Gross Provincial surplus.	Contribution (87% of column 4).	Net Provincial surplus
1	2	3	4	5	6
Mádras	13,31	8,40	4,91	4,28	63
Bombay	10,01	9,00	1,01	88	13
Bengal	7,54	6,75	79	69	10
United Provinces	11,22	7,47	3,75	3,27	48
Punjab	8,64	6,14	2,50	2,18	32
Burma	7,69	6,08	1,61	1,40	21
Bihar and Orissa	4,04	3,59	45	39	6
Central Provinces	4,12	3,71	41	36	5
Assam	1,71	1,50	21	18	3
TOTAL	68,28	52,64	15,64	13,63	2,01

19. These proposals led to very strong protests from the Governments of the United Provinces and Madras and they were examined at great length by the Government of India, whose views are stated in paragraphs 56—61 of the First Despatch on Indian Constitutional Reforms. The Government of India were prep[illegible] but in view of the strength of [illegible] strongly recommended that the [illegible] by a special committee on financial relations. This recommendation was endorsed by the Joint Select Committee of Parliament.

Meston Committee's recommendations.

20. The report of this committee, commonly known as the Meston Committee is the basis of the present Provincial settlements. The Committee were specifically directed to advise on—

(i) the contributions to be made by the various Provinces to the Central Government for the financial year 1921-22,

(ii) the modifications to be made in the Provincial contributions thereafter with a view to their equitable distribution until there ceases to be an All-India deficit, and

(iii) the question whether the Government of Bombay should retain any share of the revenue derived from income-tax.

The recommendations of the Meston Committee are summarised below:—

(a) In order to avoid the system of doles and to facilitate the initial distribution of the Central deficit, the Committee recommended that general stamps should be made a Provincial head throughout India instead of Central as proposed in the Report on Indian Constitutional Reforms.

(b) On the question of the division of income-tax, which was specifically referred to them at the instance of the Government of Bombay, they recommended that the whole of the income-tax proceeds should be credited to the Central Government, though they doubted whether it would be possible permanently to exclude local Governments from some form of direct taxation upon the industrial and commercial earnings of their people

(c) On the question of initial contributions to the Central Government, they suggested a distribution on a principle somewhat different from that underlying the scheme proposed in the Montagu-Chelmsford Report They pointed out that the latter scheme stereotyped existing disparities of contribution and that the figures suggested by the authors of the Report were based on the figures of normal surpluses, *i e.*, the excess of normal revenue over normal expenditure. While there was general agreement as regards the figures of normal revenue, the estimates of normal expenditure in each Province were very strongly contested Any such scheme based on actual figures would penalise those Provinces which had economised during the War. Moreover, it was exceedingly difficult to say to what extent expenditure held over during the War but clearly impending ought to be included in the calculations. It was also necessary to make allowance for the special conditions of undeveloped Provinces like Burma or recently established Provinces like Bihar and Orissa In short, the basis adopted by the authors of the Report was artificial and temporary.

The Committee therefore proposed to assess the initial contributions on the increased spending power of the Provinces, *i e.*, the additional resources which a Province would acquire on the separation of the sources of revenue. This proposal was less open to attack, since there was general agreement as regards the figures of normal revenue. The Committee also suggested an elaborate formula under which the contributions by the Provinces would be reduced over a term of seven years to figures which were based on an estimate of the taxable capacity of the Provinces. It is important to observe that in fixing initial contributions, Burma, Bihar and Orissa, the Central Provinces and Assam were given exceptional treatment. The recommendations of the Committee are set out in the following statement.

(In lakhs of rupees).

Province.	Increased spending power under new distribution of revenues.	Contributions as recommended by the Committee.	Increased spending power left after contributions are paid.
Madras	5,76	3,48	2,28
Bombay	93	56	37
Bengal	1,04	63	41
United Provinces	3,97	2,40	1,57
Panjab	2,89	1,75	1,14
Burma	2,46	64	1,82
Bihar and Orissa	51	*Nil*	51
Central Provinces	52	22	30
Assam	42	15	27
TOTAL	18,50	9,83	8,67

Report of the Joint Select Committee.

21. The Meston Committee's Report was examined by the Joint Select Committee of Parliament on draft rules made under the Government of India Act. They saw no reason to differ from the fundamental features of the proposals and were definitely opposed to the provincialisation of income-tax. Nevertheless, they stated that on grounds of policy an attempt should be made to alleviate the disappointment caused by the restraints which the system of contributions lays on the employment by the Provinces of their revenues. They accepted the suggestion proceeding from the India Council "that there should be granted to all Provinces some share in the growth of revenues from taxation on income so far as that growth is attributable to an increase in the amount of income assessed." They, however, rejected the proposal of the Meston Committee as regards the standard contributions and recommended that the contributions should be entirely abolished as soon as the financial position of the Government of India permitted them to do so. The manner in which the share of the income-tax was to be assessed was indicated in Devolution Rule 15, which, as finally amended, runs as follows :—

"Whenever the assessed income of any year subsequent to the year 1920-21 exceeds in any Governor's Province or in the Province of Burma the assessed income of the year 1920-21, there should be allotted to the

local Government of that Province an amount calculated at the rate of three pies in each rupee of the amount of such excess."

Present distribution of the sources of revenue.

22. The actual distribution of the sources of revenue which is at present in force under the Government of India Act may now be specified. This distribution is regulated by the Devolution Rules—

(1) Rule 3 provides that, for the purpose of distinguishing the functions of the local Government from the functions of the Governor General in Council, subjects shall be classified in relation to the functions of the Government as Central and Provincial subjects in accordance with the lists set out in Schedule I.

Provincial sources of revenue

(2) Rule 14 specifies the sources of Provincial revenue. The items which are of importance here are—

(a) Receipts accruing in respect of Provincial subjects which include irrigation, land revenue, forests, excise, alcoholic liquor and intoxicating drugs, non-judicial and judicial stamps, registration and minerals, (Provincial subjects include also sources of Provincial revenue from taxes which were imposed by or under Provincial legislation which had received the previous sanction of the Governor General —item 48, List of Provincial subjects).

(b) A share (to be determined in the manner provided for by Devolution Rule 15 (1) quoted in the last paragraph) in the growth of revenue derived from income-tax collected in the Province so far as that growth is attributable to an increase in the amount of income assessed.

(c) The proceeds of any taxes which may be lawfully imposed for Provincial purposes. These include the following taxes specified in Schedule I to the Scheduled Taxes Rules :—

1. A tax on land put to uses other than agricultural.
2. A tax on succession or on acquisition by survivorship in a joint family.
3. A tax on any form of betting or gambling permitted by law.
4. A tax on advertisements.
5. A tax on amusements
6. A tax on any specified luxury.

7. A registration fee.
8. A stamp-duty other than duties of which the amount is fixed by Indian legislation.

(*d*) Any other sources which the Governor General in Council may by order declare to be sources of Provincial revenue.

Central Sources of Revenue.

(3) The sources of revenue allotted to the Government of India are not specified, but the subjects classified as Central include the following :—

Customs, income-tax, salt, Posts and Telegraphs, Railways, control of cultivation and manufacture of opium and sale of opium for export

The list of Central subjects also contains a clause reserving to the Central Government all other matters not included among Provincial subjects under Part II.

DEVELOPMENTS SINCE THE REFORMS.

Criticism of the new Settlements.

23. From the outset the new settlements were subjected to very severe criticism by the provincial governments, in particular by Madras, Bombay and Bengal It had been hoped that the resources of the provinces, increased as a result of the new financial settlement, would enable them to find money for large schemes of economic and social development, but unfortunately so far from being available for the development of nation-building services, the surpluses had had to be devoted to increases of salary which had become necessary on account of the enormous rise in prices from which India, in common with other countries of the world, had for some years after the War been suffering. The situation was aggravated by the campaign for the introduction of prohibition, which exercised a baneful effect on the excise revenue. The Madras Government protested very strongly against the grave injustice done to it by the demand of an annual contribution of 318 lakhs for Central purposes and stated that unless the financial embarrassments resulting from this huge contribution were removed, there would be no development of the services entrusted to the Ministers. Bombay and Bengal demanded a complete revision of the whole settlement, without which it was urged a satisfactory working of the Act of 1919 was impossible. The case of Bengal had been recommended to the special consideration of the Government of India by the Joint Select Committee on the Government of India Act. The Government of India, after a detailed and critical examination of the financial position of Bengal, came to the conclusion that with every economy Bengal must have a deficit of not less than Rs. 120 lakhs, even if it provided only the bare minimum expenditure required to carry on the administration of the province and no allowance was made for any extra expenditure on

improvements in transferred subjects which were urgently desired by the Ministers. In 1921, on the recommendation of the Finance Member, the Legislative Assembly agreed to the remission of the Bengal contribution for a period of three years from 1922-23. This concession intensified the protest from other provinces against the contributions. Any further remission of these contributions, however, was for the time being out of the question owing to the financial difficulties of the Central Government. On the other hand, the fact that the estimated revenues

held in Simla in April 1922 reviewed the whole position Various proposals for dealing with the problem were discussed, among which may be mentioned a suggestion by the Bombay representatives that a reversion to the system of divided heads might be considered A complete separation of the sources of revenue was, however, regarded by all other provincial representatives as the basis of the whole scheme of Reforms and the Government of India, with the concurrence of the Secretary of State, decided to uphold the new financial settlement, but repeated the undertaking given earlier that the existing financial contributions would be abolished as early as possible.†

Reforms Enquiry Committee's Report.

24. The problem was also considered by the Reforms Enquiry Committee in 1924, but in the absence of any definite information upon which recommendations for a revision of the settlement could be based, this committee merely recommended that the settlement should be revised as soon as a favourable opportunity occurred.

Taxation Enquiry Committee's Report.

25 The question was also examined at great length by the Taxation Enquiry Committee, whose conclusions are briefly summarised below :—

(a) Non-judicial stamps and the excise duty on country-made foreign liquor should be transferred to the Central Government

(b) The revenue from the excise on opium should similarly be Central.

(c) The export duties might possibly be used as a balancing factor but should be employed only in the last resort.

(d) The Provinces should be given the proceeds of a basic rate on personal income graduated proportionately to the general rate, to which should be added a small proportion of the receipts from the super-tax on companies.

It was not one of the functions of the Committee to suggest a detailed settlement between the Government of India and the Provinces and they, therefore, left the application of the principles suggested by them to some other body. These proposals will be discussed at some length

* Excluding expenditure from rice profits

† See "India in 1922-23, page 105"

in a subsequent portion of this Memorandum, but to complete the narrative a brief account of the action taken by the Government of India on these recommendations may be given here.

Subsequent discussions.

26. Owing to administrative and other difficulties which the change would involve, the Government of India rejected the recommendation to centralise the excise on opium and the excise duty on country-made foreign liquor. They were prepared to agree to the centralisation of non-judicial stamps, but, owing to the strong objections of the provincial governments to the proposal, it was ultimately suggested that only commercial and quasi-commercial stamps should be centralised. This proposal has been accepted by the provincial governments on the condition that adequate compensation is given to them in some other form. As regards the division of income-tax, the Government of India suggested that the provinces should be given a share of the income-tax calculated at the rate of 3 pies in the rupee on personal incomes from all sources of assessees resident within each province. These proposals were discussed with the Financial representatives of the provinces at the Conferences held in November 1926 and 1927, but no agreement was arrived at and it was ultimately decided that the revision of the Meston Settlement should await the deliberations of the Statutory Commission.*

Final extinction of contributions.

27. In the meantime the financial position of the Government of India after 1923 improved sufficiently to enable the provincial contributions to be gradually reduced and they have been finally wiped out in the current year.

THE MESTON SETTLEMENT IN OPERATION.

28. The present distribution of resources may be considered from two points of view :—

(1) That of the Government of India, and

(2) that of the Provincial Governments.

Meston Settlement from the point of view of the Central Government.

It will be observed that under the present scheme of distribution, the Central Government holds in its hands, in the shape of the income-tax, the only real instrument of progressive taxation at present used in India. It also imposes all the principal consumption taxes except those on liquor and drugs. It therefore has power to reach with its taxation practically all classes of the population and to tax them in accordance with their ability to pay. The only important section which escapes is that composed of the richer agriculturists who have been exempt from the income-tax since 1872. It might be inferred from this that the revenues of the Central Government under the present allocation are sufficiently elastic and adequate, at any rate so far as its normal requirements are concerned. But, as will be observed from the brief outline of its financial history given below, the Central Government was not

* A copy of the correspondence with Provincial Governments on the division of income-tax and general stamps and extracts from the proceedings of the conferences on these proposals is given in Appendix II.

free from grave financial embarrassments for several years after the introduction of the Reforms. Indeed it has been argued that the present division of resources has left the Government of India with revenues of an embarrassingly fluctuating nature, and in support of this view it has been pointed out that at a time of trade depression it was necessary to hamper trade by heavy increases in customs duties.

29. For three years before 1921-22, when the first budget under the reformed constitution was presented to the Legislative Assembly, the accounts of the Government of India had revealed deficits amounting in all to Rs. 55 crores. The budget of 1921-22 also anticipated a deficit of Rs. 18 crores and additional taxation, which was mostly under customs duties, had to be imposed. This included an increase of the general *ad valorem* duties from 7½ per cent. to 11 per cent, and a special duty of 20 per cent. on luxuries. It was hoped that these additional taxes would give a small surplus, but unfortunately, owing to the very acute trade depression throughout the world, the failure of the monsoon in India, and various other factors, not only was the surplus not realised but there was a deficit of Rs. 28 crores. The additional taxation imposed during the following year included an increase in the rates of income-tax and super-tax, in the general customs duties and in the duty on sugar, machinery, matches and articles of luxury. Railway rates were also raised. Yet, in spite of these fresh levies, there was no promise of financial equilibrium and the Government had to decide to budget for a deficit of Rs. 9 crores in 1922-23. Position of the Central Government.

30. The serious financial difficulties of the Central Government gave rise to a general and insistent demand for retrenchment and a committee, commonly known as the Inchcape Committee, was appointed in the latter part of 1922 The Committee made a minute and searching scrutiny of the expenditure of every department of the Central Government and in its report submitted in March 1923 recommended reductions amounting in all to Rs 19¼ crores in the expenditure of the Central Government. The major portion of the proposals of the Committee were given effect to in the budget for 1923-24, but it was of course im-impossible to obtain the full value of the proposed reductions in the first year. Notwithstanding the heavy all-round increases in taxation during the previous year and the drastic economies in expenditure affecting both civil and military services, the preliminary estimates for 1923-24 again revealed a deficit, and it was considered necessary to double the duty on salt. The Legislative Assembly did not consent to the proposed imposition and the Finance Bill, including the increased salt duty, had to be certified by the Viceroy.

31. The actual outturn of the year 1923-24 was a surplus of Rs. 2·4 crores and since then there have been recurring surpluses, which have been utilised partly for the reduction of taxation and partly for reducing the provincial contributions. The salt duty was reduced in 1924-25 to Rs. 1-4 per maund from the temporary figure of Rs. 2-8 in 1923-24, the cotton excise duty was abolished in 1925-26, and the export duty on

tea and the import duty on machinery in 1927-28. The provincial contributions were gradually reduced and have been finally extinguished in the current year. These financial achievements, however, cannot be entirely attributed to the growth in the normal tax-revenue of the Central Government, for they have been rendered possible, partly at any rate, by alterations in the customs tariff and the imposition of various special protective duties There are two other factors which have to be weighed in estimating the sufficiency of the resources of the Central Government for its ordinary requirements. In the first place, as will be shown in the succeeding passage of this Memorandum, the present scale of taxation is held by a certain body of opinion to be still unduly high. Secondly, with the loss of the residue of the provincial contributions the budget for 1928-29 only just attains equilibrium . and it remains to be seen not only whether this particular estimate can be realised, but further whether taxation even if maintained on the existing scale is capable of yielding the further increase which will be required to keep pace with the necessary growth of central expenditure on national services.

32 The financial position of the Central Government must be considered from another standpoint also. It is liable to suffer more from external troubles and serious economic crises than Provincial Governments, and it has also to be prepared to sustain the financial burden of certain specially serious emergencies such as war. The question therefore arises whether the present allocation of revenues provides a sufficient margin for such emergencies The principal taxes on which the Central Government depends are, as has been stated,

(1) the income-tax,

(2) customs duties, and

(3) the salt tax.

It was to these sources of revenue, as well as railway rates, that the Central Government in India, as in many other countries, had to turn in order to secure financial equilibrium after the Great War; and in recent years it has not been possible to make any reduction in the level of taxation from incomes and customs then reached. Should a similar emergency arise, the Central Government in India will be compelled to have recourse to the same sources for additional funds, however distasteful such a course may be to the public, and it will be particularly distasteful, if the emergency so far as India is concerned is the result of decisions in which their representatives have had no voice. It has, however, been held by certain authorities that even so, the extra revenue which could be raised by increasing existing direct and indirect Central taxation is dangerously inadequate.

The income-tax in India has, so far, not proved to be as elastic a source of revenue as it is in other countries Direct taxation on income is exceedingly unpopular among the Indian trading and professional classes, and moreover the task of accurate assessment—without which a high graduated rate of income-tax can hardly be justified—has always

presented great difficulties in the peculiar conditions of India. It is only during the last five or six years that the law has been modernised and an increasingly efficient administrative machinery for the assessment and collection of the tax has been organised. But even so, owing to trade depression, the yield of the tax has shown a progressive falling off in the last four years, and the process of accustoming the public to this tax could not have been carried through without serious friction being engendered if the rates had been periodically enhanced. Certain authorities accordingly hold that the tax is one which, at any rate for some years to come, can hardly be raised to meet emergencies. There has also been no decrease in the rates of income-tax and super-tax after the War, which still stand at as high a level as they have ever stood in India.

The yield of customs taxation has increased in the last four years by about Rs. 9 crores, of which about Rs $1\frac{1}{2}$ crores is estimated to be derived from protective duties It has been held by certain authorities that the general rate of customs duties, which is now 15 per cent, is far too high for a revenue tariff and is in several cases positively damaging in its effects; that the general level of customs tariff cannot be left unreduced much longer without serious injury to India's economic interests, and that any really large net increase in the present level of customs taxation in India for the purpose of a future war is out of the question, while even if it were possible the yield would be precarious.

It has accordingly been urged that now that the provincial contributions have been abolished, the Central Government must begin the process, which has had perforce to be postponed hitherto, of effecting such reductions of Central taxation as will begin to give India a reasonable margin of taxable capacity on which the Central Government can rely in an emergency such as another war On the other hand, it has been argued that the maintenance of taxation from incomes and customs substantially at the present level, with the object of making more money available for outlay on beneficial developments of all sorts in the provinces, will, in itself, lead to the growth of a new generation with greatly increased taxable capacity fitted to bear the fiscal burdens which a war entails. Both aspects of the question will require careful consideration in connection with any proposal which is directed to transferring to Provincial Governments any substantial portion of the revenues from taxation now at the disposal of the Central Government by maintaining that taxation at about its present level.

Meston settlement from the point of view of the Provincial Governments

33 From the point of view of Provincial Governments, the scheme of distribution of revenues has been subjected to very severe criticisms by all the Governments concerned, though these have not always proceeded on the same lines and in many cases were mutually opposed. The arguments urged against the scheme may be classified under six heads—

(a) that the provincial contributions to the Central Government fixed by the Meston Committee were not equitable as between the different provinces,

(*b*) that the provincial revenues are inelastic,

(*c*) that the distribution does not enable the provinces to evolve a system of provincial taxation based on the principle of *ability to pay*,

(*d*) that in the allocation of revenues the requirements of the provinces should have been taken into consideration,

(*e*) that Devolution Rule 15, which was intended to secure to the large industrial provinces a share in the growing revenue from taxation of incomes, has completely failed in its purpose, and

(*f*) that the annual contributions of certain provinces to the Famine Insurance Fund have been pitched too high.

34. The principal criticisms against the Meston contributions were that the predominantly agricultural provinces were complled to pay to the Central Government a disproportionately large portion of the proceeds of provincial taxation and that in assessing the contributions on the increased spending power of the provinces, the Meston Committee did not take into consideration the fact that, under the permanent settlement of 1911, the proportion of revenues assigned to each province was not uniform and that the growth of provincial revenues during the period 1911 to 1920 was, as the statement in paragraph 11 shows, very unequal. Even after the contributions have been extinguished, the inequality of the allocation remains; and this feature of the settlement is dealt with elsewhere. But it is unnecessary to discuss further the actual contributions or their prospective amounts, since they have ceased to exist and will not be revived, at any rate in the form in which they were cast by the Meston Committee.

35. So far as the elasticity of provincial revenues is concerned, it will be observed that the income of the Provincial Governments under the present scheme is mainly derived from two sources,—land revenue and excise Owing to historical reasons, the system of land revenue assessment has developed on different lines in the different provinces. Bengal, Bihar and Orissa and a large portion of Madras have had the Permanent Settlement, while elsewhere the assessment is subject to periodical revision. The abolition of the Permanent Settlement, it is contended, is hardly within the range of practical politics, and it has been argued that it cannot be justified even from the point of view of economic theory. For instance, in Bengal, it is stated, that 90 per cent. of the estates have changed hands and whatever unearned increment accrued on account of the permanency of the settlement has already been absorbed in the purchase price. The abolition of the Permanent Settlement would therefore penalise the present owner of the land for the benefits derived by the original owner. So far as these provinces are concerned, therefore, it would seem that there is no possibility of any appreciable increase in the revenue from land. Even in temporarily settled lands, the revenue has shown very little sign of elasticity during recent years. As the Taxation Enquiry Committee has pointed out in

paragraph 92 of its report, during the period 1903 to 1924, while prices rose by 117 per cent. the land revenue rose by only 20 per cent. and a portion even of this rise was due to an increase of 7 per cent. in the area sown. This is partly due to the policy of moderation that has been followed since Lord Curzon laid down the general principles on which revisions of assessment should be made.

As regards excise, there has been a greater uniformity in policy, but, owing to the fact that liquor is prohibited by religion or social usage in certain communities, its consumption—and consequently the revenue—varies enormously in the different provinces While the income from excise in Madras, with a population of 42 millions is Rs. 5 crores and in Bombay, with a population of 19 millions is Rs $4\frac{1}{2}$ crores, the revenue from excise in Bengal, with a population of 47 millions is only Rs. $2\frac{1}{4}$ crores. Moreover if present political tendencies towards prohibition continue, the revenue from this source is more likely to decline than to increase.

36. The third criticism raises an issue of fundamental importance, and it is directed against the whole system of separation of the sources which has been applied to India It is pointed out that under the present system it is almost impossible for the provinces to levy their taxation according to the principle of ability to pay or the taxable capacity of their inhabitants. As the authors of the Report on Indian Constitutional Reforms remarked, the income-tax "is merely the industrial or professional complement of the land revenue and to provincialise the latter while Indianising the former means giving those provinces whose wealth is more predominantly agricultural, such as United Provinces and Madras, an initial advantage over a province, like Bombay which has very large commercial and industrial interests." In the case of a Province, such as Bombay, a large proportion of whose annual income is derived from industry and commerce, Provincial revenues under the present system can have little relation to the taxable capacity of the inhabitants. Moreover when an important section of the population is removed from the fiscal sphere of the Province, it becomes exceedingly *difficult to justify an increase of provincial taxation.* This aspect of the matter has not so far attracted much attention owing to the fact that there has been no marked rise in the level of provincial taxation since the Reforms. But as taxation becomes heavier, the more insistent will be the demand that it should be based on the taxable capacity of the different classes, and it is conceivable that, if the present system continued, a province might find itself obliged to choose between the abandonment of further development or the enforcement of an objectionable system of taxation, if it is able and willing to do so.

37. On the other hand, it might be argued that it would be possible to secure that each person was taxed according to his ability to pay through an equilibrium of Central and Provincial taxation so arranged that while neither system tapped the ability to pay of all the inhabitants, the two combined might do so. Such a system, however, it might be

argued, is wrong in theory, for it presupposes a static position and it would unduly hamper each authority in adjusting its taxation to its needs. If one authority happened to need more money and the other less and each adjusted its taxation accordingly, the whole system would be thrown out of gear.

38. It might also be urged in this connection that succession duties, which under the Devolution Rules have been assigned to Provinces, provide a means whereby the system of provincial taxation can be modified to reach the ability to pay of the inhabitants. Inasmuch as these duties fall on realised property and do not affect the man who spends a large portion of the income that he earns, they are theoretically a less satisfactory method of reaching the ability to pay of the whole of the wealthier classes. They do, however, afford a valuable means of increasing to a legitimate extent the burden upon such classes, and if a developed system of succession duties were imposed in the provinces, the force of the arguments against the present distribution would be considerably weakened. It is contended, on the other hand, that partly owing to political difficulties and partly owing to the complexities of the Hindu law of inheritance and other legal difficulties, it would be very unsafe to rely on them, for some years at any rate, as a source of provincial revenue. At least three of the provincial governments seriously considered the possibility of the imposition of death duties, but apparently found the difficulties almost insurmountable. Indeed, the Taxation Committee has definitely recommended that the legislation connected with these duties should be Central.

39. The fourth criticism is that in accepting the scheme for a complete separation of the sources of revenue and recommending the total abolition of the provincial contributions, the Joint Select Committee ignored the importance of certain features which are peculiar to the Indian problem. The Indian provinces, as is well-known, have grown in a haphazard fashion. When a new tract of country was annexed or conquered by the British, it was added to one of the existing provinces or constituted into a separate province according to administrative convenience. They were therefore never at any time independent fiscal units, at any rate since 1833, and until the Reforms they were merely the agents of the Central Government and spent money allotted by the latter. Moreover, frequent changes have been made in the boundaries of provinces within the last thirty years (*e g.*, United Provinces, the North-West Frontier Province, Bihar and Orissa, Berar, Assam). For these and other reasons connected with the circumstances of their growth, it is urged that they could not be expected to function as self-supporting fiscal units of administration.

They also came under British rule at different dates and in different stages of development. In view of the importance of the maintenance of uniform standards of administration in the different provinces, it is pointed out that, quite rightly, the allocation of revenues before the reforms was made with reference to the needs of the provinces and not

with reference to the revenue collected within the province. The Meston Committee partially recognised the importance of this factor and in determining the initial contributions they deliberately treated some of the provinces rather more generously than the others. They distinctly stated that the *standard contributions*, which were proposed with reference to the taxable capacity of the provinces and other circumstances, were the ideal which was to be reached after the provinces had had time to adjust their budgets to the new state of affairs. The rejection of this part of the scheme by the Joint Select Committee and the final extinction of the provincial contributions have, it is urged, restored the inequalities referred to by the Meston Committee

40. The validity of the fifth criticism arising out of the failure of Devolution Rule 15 to operate as intended has been admitted by the Government of India on several occasions The point will be dealt with in some detail in a later passage of this Memorandum which relates to suggestions for the division of the income-tax in any future scheme of allocation

41 To meet the sixth criticism for which also there was considerable justification the Government of India have with the approval of the Secretary of State recently introduced a new scheme of famine insurance, under which the total annual provincial contributions to the Fund will be reduced from Rs. 175 lakhs to Rs 42 lakhs. The nature of the changes introduced will be described in a separate memorandum.

42. The following three statements illustrate some of the points in the criticisms directed against the present scheme. It is hardly necessary to add that none of the criteria adopted below is by itself adequate for testing the equity of the settlements, but these statements collectively may serve to indicate the inequalities which, it is urged, have resulted from the present distribution of resources :—

(1) The statement below compares the standard revenue adopted in the permanent settlement of 1911 with the increased income that the provinces have obtained by (*a*) the normal growth of revenue under the divided heads between 1911 and 1920, and (*b*) the increased revenue presented to the provinces by the abolition of the system of divided heads and the final extinction of the provincial contributions. The growth of revenue since the Reforms has not been taken into consideration, because provincial governments have had independent powers of taxation since 1920 and the growth during this period is partly due to taxation levied by the provinces. The importance of this statement lies in the fact that the standard revenue in 1911 was determined with reference to the actual needs of the provinces.

(In lakhs of rupees.)

Province.	Standard revenue adopted in 1911.	Increased income resulting from the normal growth of revenue between 1911-20, the Meston Settlement and from the extinction of Provincial contributions.	Percentage increase.
Madras	625	830	133
Bombay	630	486	77
Bengal	563*	251	45
United Provinces	559	619	111
Punjab	360	508	141
Burma	485	374	77
Bihar and Orissa	271*	113	42
Central Provinces	245	131	53
Assam	123*	70	57

(2) The following statement shows the approximate provincial revenues per head of the population and per square mile in the year 1926-27 as they would have been if no contributions had been paid to the Central Government in that year :—

Province	Per head of the population.	Per square mile.
	Rs.	Rs
Madras	3 979	1,184
Bombay	6 956	1,089
Bengal	2 249	1,367
United Provinces	2 843	1,213
Punjab	5 663	1,173
Burma	8 356	472
Bihar and Orissa	1·689	690
Central Provinces	3 804	530
Assam	3 399	488

* Figures of 1912-13 minus the special contributions of the Government of India in that year.

(3) The statement given below shows the actual increase in the income of the different provinces between 1912-13 and the current year :—

(In lakhs of rupees).

Province	Average of 1912-13 and 1913-14	Budget 1928-29	Difference.	Percentage increase.
Madras	783	1697	914	117
Bombay	794	1436*	642	81
Bengal	669	1093	424	63
United Provinces . . .	694	1247	553	80
Punjab	485	1273	788	162
Burma	585	1122†	537	92
Bihar and Orissa . . .	321	574	253	79
Central Provinces . . .	316	554	238	75
Assam	170	278	108	63

43. The general nature of the criticisms made by provincial governments has been described. A brief account‡ of the actual operation of the Meston Settlement in each province will now be given Attached to this Memorandum are a number of statements which exhibit the financial position of the provinces between the years 1921-22 and 1928-29. The Financial position of the provinces.

44. *Madras.*—Madras had deficits for four years in succession after the War, which were mainly due to the necessity for increasing the pay of the subordinate staff required for purposes of administration. The *accounts of the year 1921-22 showed a revenue deficit of Rs. 99 lakhs,* and in spite of drastic reductions in expenditure and increases in the rates of stamp duties court fees and registration fees, which were expected to yield Rs. 77½ lakhs, the budget for 1922-23 anticipated a deficit of Rs. 42 lakhs. By the end of 1923-24, however, the financial position, considerably improved. The revenue showed signs of recovery and the policy of retrenchment was also pursued consistently. In spite of a provision of Rs 57 lakhs for new schemes and grants to local authorities, the budget for this year showed only a deficit of Rs. 25 lakhs, which was turned into a surplus owing to an unexpected windfall and a saving of Rs. 59 lakhs in expenditure. In the following year, further retrenchments were made, which were expected to result in a saving of Rs. 18 lakhs during the year and Rs. 36 lakhs ultimately. The budget anti-

* Excludes interest received from the Local Bodies in Bombay, being merely a book adjustment.

† Includes revenue from Shan States Federation for purposes of comparison

‡ These accounts are largely based on the annual reports submitted by the Provinces.

cipated a surplus of Rs. 15 lakhs over the expenditure in spite of the inclusion of new items costing over Rs. 20 lakhs. In 1925-26 the contribution of the province to the Central Government was reduced by Rs. 126 lakhs, and this sum was partly utilized for repayment of loans borne upon the old provincial loans account which had hitherto been met by fresh borrowings. Since then, mainly owing to the remission of the provincial contributions, Madras has had big surpluses, the utilisation of which has been engaging the attention of the provincial government.

The grievance of this Government was that it was obliged to contribute a disproportionately large portion of its income towards Central expenditure. With the final remission of the provincial contribution, the province has been placed in an exceptionally favourable position.

45 *Bombay*—This province had an opening balance of Rs. 306 lakhs on 1st April 1921, but the account for that year showed a revenue deficit of Rs. 191 lakhs and the budget estimates for 1922-23 anticipated a revenue deficit of Rs. 50 lakhs in spite of increases in the rates of stamp duties and court fees, which were expected to yield an additional revenue of Rs. 60 lakhs in that year. The major portion of the deficit, however, was due to heavy interest charges on the debt incurred in connection with development operations in the city of Bombay. It was expected at the time that it would be possible to recoup these amounts from the sale of land reclaimed. This expectation however, has not been realised and the financial difficulties of this province in the subsequent years are, to a considerable extent, due to the commitments on account of these schemes.

The budget of 1923-24 would have shown a small surplus, but for the interest charges of Rs. 63 lakhs on account of the Development Department. In the following year again, in spite of retrenchments in expenditure to the extent of Rs 32 lakhs recurring, the budget anticipated a deficit. In 1925-26 the totalisator betting tax and in 1926-27 a tax on transfer of property in Bombay were introduced. The rates of court fees were also enhanced. But in spite of the additional taxation amounting in all to about Rs. 90 lakhs introduced since the Reforms and the drastic retrenchments made in expenditure, the province has had a series of deficits, which have reduced the opening balance of Rs. 306 lakhs in 1921 to Rs. 7 lakhs at the end of 1928-29 (budget).

Apart from the financial embarrasments caused by ventures such as the Bombay development scheme, these difficulties would seem to be due largely to the fact that Bombay is the most highly industrialised province in India and that it has a higher proportion of urban population than any other province. The standard of living is comparatively high in the industrial cities of the Presidency and, owing to the migratory character of the labour population, this has, it is stated, indirectly, affected the standard in the villages, to which most of the villagers, who resort to industrial centres, retire after a certain period. The scales of salaries particularly in the subordinate services, are much higher

than in the other provinces, partly it is stated, on account of the cost of living and partly on account of the alternative avenues of employment provided by industrial concerns.

On the other hand, the provincial revenue per head of the population in this Presidency is higher than in most other provinces. Two factors have possibly contributed to this result :—

(a) The development of industries and the urbanisation of the province have resulted in a more rapid increase in the values of land than elsewhere, and consequently in land revenue.

(b) The consumption of liquor is always abnormally high in industrial areas and Bombay, as has already been noticed, derives a larger revenue from excise per head of the population than any other province in India

The Meston Committee, it may be noted, pointed out that Bombay had reached a scale of expenditure far above the Indian average and that the pace of expansion of its revenues was also distinctly higher than in other provinces

46. *Bengal.*—Bengal started with an opening balance of Rs. 272 lakhs in the beginning of 1921-22, most of which, however, was wiped out by the revenue deficit of Rs. 216 lakhs at the end of that year. In the following year, owing to its peculiar financial difficulties, its contribution to the Central Government was remitted after a detailed and careful examination of its financial position. Additional taxation in the shape of higher stamp duties and court fees and an entertainment tax, which was estimated to yield altogether Rs. 140 lakhs was also imposed. By this means and by retrenchment in expenditure, the province was able to maintain a small surplus until 1926-27 when for the first time for several years, the accounts showed a deficit of Rs 21 lakhs The revised estimates for 1927-28 and the budget estimates for 1928-29 also anticipate small deficits

Judged by these figures, the financial difficulties of Bengal have not been as serious as those of Bombay, but it is stated that there has been very little development in the nation-building services entrusted to the Ministers since the Reforms, owing to the impossibility of providing additional resources. The difficulties of the province arise from the inelasticity of the two principal sources of provincial revenue, *viz.*, land revenue and excise. Owing to the Permanent Settlement and the temparate habits of the people and the movement in favour of prohibition throughout India, neither of these sources of revenue has shown itself capable of expansion comparable to that enjoyed by Bombay from the same sources. The situation, it is stated, so far as Bengal is concerned, is further aggravated by the fact that the administration of Calcutta, which is an all-India port and which contains practically all the big jute mills, absorbs a disproportionately large portion of provincial revenues. The cost of the Calcutta police in 1925-26 was more than Rs. 31 lakhs. The case of Bengal, in short, is that there is no margin for development. In fact, if the fall in the purchasing value of the rupee were taken into

consideration, it might be argued that there has not been any appreciable increase in the spending power of the province since 1913 (see statement in paragraph 42).

On the other hand, it might be argued that there has been very little development of local taxation in this province. The great controversy that arose in 1871 in Bengal regarding the legality and propriety of levying a cess for educational purposes on permanently settled land was finally settled by a formal pronouncement of the Secretary of State distinctly affirming the liability of such land to additional taxation in the shape of local cesses and rates. A local cess has ever since been in existence in Bengal but, although there is no legal impediment in the way of an increase in the rates of these cesses, there has been very little increase in the income of the rural boards, which has risen from Rs. 66·19 lakhs in 1918-19 to only Rs. 76·25 lakhs in 1925-26.

47. *The United Provinces.*—The annual accounts of this province show a succession of deficits since the introduction of the Reforms up to the end of 1925-26 amounting in all to over Rs. 3 crores, which were met partly from the opening balance of Rs. 89 lakhs at the beginning of 1921-22 and partly by the appropriation of a considerable portion of a loan which the provincial government had raised in the open market for development purposes. Except for an increase of irrigation rates and court fees, there has been very little additional taxation. It may be noted that this Government had to be warned by the Government of India that no loans would be sanctioned, whether they were to be raised in the open market or obtained from the Central Government, if the proceeds were likely to be applied in practice to the financing of revenue deficits.

The general financial position was a source of considerable anxiety until the year 1925-26 when, owing mainly to the remission of Rs. 56 lakhs of its contribution to the Central Government, financial equilibrium was expected to be restored. The actuals of the year, however, showed a deficit of Rs. 31 lakhs. With the gradual reduction and final cessation of its contribution, the financial position has improved very considerably and the revised estimates for 1927-28 show a surplus of Rs. 152 lakhs. The following remarks of the Finance Member of the Province in his budget speech in 1927 summarise the present financial position of the Province :—

> "How much yet remains to be done I recognise as clearly and as readily as any one. But there is reason to hope that in the matter of finance, we are at length turning the corner. The remission of our contribution for which the budget of the Central Government provides will add materially to our resources. Further our revenues will before long steadily increase.......Our revenues, however they may expand, will never be in excess of our needs. But in the coming years they will, I believe, be more adequate to our requirements than they have been in the period that has elapsed since the Reforms."

Since then the province has received the benefit of the final remission of the last instalment of the provincial contributions.

48. *The Punjab.*—The revenue of this province has increased from Rs. 710 lakhs in 1921-22 to Rs. 12,73 lakhs in 1928-29 (budget) and its finances seem to be in a very flourishing condition. But it did not escape from the consequences of the rise in prices, the depression in trade and other factors which contributed to the financial embarrassments of the other provinces and of the Government of India in the first few years following the introduction of the Reforms. The revised estimates for 1921-22 and the budget estimates for 1922-23 disclosed deficits amounting to Rs. 119 lakhs and Rs. 130 lakhs respectively. Additional taxation, which mainly took the shape of increased registration fees, mutation fees court fees and stamp duties, was imposed in 1923 and a persistent effort was also made to reduce the expenditure. The deficits in these two years were, however, due in part to certain specific abnormal causes such as a particularly bad monsoon in 1921-22, and with the normal increase in revenue financial equilibrium was restored in 1923-24, since when the province has been free from serious financial difficulties arising from failure of resources. The revenue surpluses in the years 1923-24 to 1925-26 amounted in all to over Rs. 4½ crores. Apart from the normal growth of revenue, these were partly due to the sale proceeds of land and to the increase in the water rates on the canals, in 1924. With the remission of provincial contributions, the province was actually able to reduce its taxation in 1925-26 and 1926-27 and has been able to finance a large portion of its capital expenditure on productive schemes such as irrigation works, from revenue. In 1927-28 (revised estimates), Rs. 125 lakhs were spent from revenue on capital expenditure, while in the budget for the current year provision has been made for an expenditure of Rs. 134 lakhs on irrigation and civil works, to be met from revenue. It is also understood that the Government have been considering the question of further remission of taxation, if this should be found feasible after the requirements of the province are met.

49. *Burma.*—The statement annexed to this Memorandum relating to the finances of Burma since 1921-22 does not fully reveal the actual financial position. A peculiar feature of the finances of this province was the very large receipts realised before the Reforms from the system of rice control, which have to a very great extent been utilised subsequently for financing capital expenditure. While the figures of revenue since the Reforms have also been swelled to a small extent by such abnormal receipts, the figures of expenditure include a very large amount of capital expenditure incurred from the accumulated rice control profits. The amounts of non-recurring capital expenditure proposed to be met from these balances in the budgets of 1923 to 1927 are shown below :—

(In lakhs of rupees.)

1923 24.	1924-25.	1925-26.	1926-27.
191	118	88	203

In fact, the province was able to meet all its capital expenditure until 1927-28 without borrowing and the apparent revenue deficits shown in the accounts have been met from the huge opening balance of Rs. 572 lakhs with which it started in 1921-22. It will be observed from the statement that this province raised no loans in the market and owed no money to the Government of India until 1927-28. Its opening balance, however, has been reduced from Rs. 572 in 1921-22 to Rs. 9 lakhs in 1928-29 (budget estimates).

With the exhaustion of the amounts to the credit of the rice control account, the question of balancing the provincial budget will become a matter requiring serious consideration The financial position of this province is in many ways somewhat peculiar. It was the last province to come under British rule and it is still very largely undeveloped. Its system of taxation continues to be of a very primitive character and the revenue from land is small Unlike the rest of India, it had no regular system of land taxation before British rule. Upper Burma relied and still relies very largely on the *thathameda*, which is a tax apportioned among the villages and assessed roughly with regard to the circumstances of each family in the village. Though theoretically it is not a poll tax, it operates as one. In Lower Burma, the principal tax has been the capitation tax, which is now levied at a flat rate on all males between the ages of 18 and 60 years. Since 1893 a land tax on private lands has been partially substituted for the *thathameda* but the land revenue system is still undeveloped. Except in some of the bigger towns, there is no system of local taxation independent of the provincial administration.

There has been for several years a very strong popular demand in Burma for the abolition of the two primitive taxes, the *thathameda* and the capitation tax, and on the advice of a committee recently appointed by the local Government, it has been decided to earmark the proceeds of these two taxes for local purposes They are therefore in theory at any rate no longer available for provincial purposes.

50. *Bihar and Orissa.*—The financial difficulties of Bihar and Orissa are very similar to those of Bengal. Its revenues are very inelastic, on account of the permanent settlement and its solvency during recent years has depended on the vagaries of the excise revenue. Its revenue per head of the population is the lowest in the whole of India and the province is still very largely undeveloped. In view of its peculiar position, the Meston Committee recommended that no share of the "initial contributions" towards Central expenditure should be demanded from it.

By additional taxation and by a conservative policy as regards development, it was able to avoid a revenue deficit until 1926-27, the accounts for which year show for the first time since 1921-22 an excess of expenditure over revenue of Rs. 31 lakhs. The revised estimates for 1927-28 and the budget estimates for 1928-29 show deficits of Rs. 29 lakhs and 14 lakhs respectively. The financial difficulties of

the province will begin when the opening balance, which amounted to Rs. 101 lakhs in the beginning of 1921-22, has been exhausted and the demands for the development of the nation-building services become more insistent.

51. *Central Provinces.*—In the first year after the introduction of the Reforms, the accounts of this province showed a deficit, which was met from the opening balance of Rs. 51 lakhs. As a result of the additional taxation imposed in 1923 and the policy of retrenchment, there was a surplus in the following four years. There was, however, a deficit of Rs. 67 lakhs in the year 1926-27, which was mainly due to the fact that the Act of 1923 authorising the increases in the rates of stamp duties and court fees for three years expired in this year. With the remission of the provincial contributions, financial equilibrium has again been restored and the financial position of the province is stated to be satisfactory.

52. *Assam*—Assam had small revenue deficits during the first two years after the introduction of the Reforms, but owing largely to an improvement in its revenue position, the province has not been faced with any serious financial difficulties since 1923-24. With the remission of the contribution of Rs. 15 lakhs, its financial position has been further strengthened. It has also, owing to a change in the income-tax law, got larger amounts under Devolution Rule 15 than any other Province except Burma during recent years.

53. It would seem from the survey of the finances of the various Provinces since the introduction of the Reforms that the criticism regarding t[illegible] is not w[illegible] these in[illegible] the other hand, there is not a clean slate to write upon and practical considerations impose limits on the scope for a revision of the settlement Rightly or wrongly, certain revenues have been allocated to Provincial Governments, who have adjusted their standards of expenditure accordingly. It would be impracticable to demand that schools and hospitals should be closed in one Province in order to provide additional resources for other Provinces which are less developed and which in the earlier settlements received resources which they found inadequate. From this it would follow that no alteration in the distribution of the sources of revenue would be possible except in respect of such taxes included in the Scheduled Taxes Rules as have not already been exploited by Provincial Governments unless—

(*a*) other sources of revenue are offered by the Central Government as compensation, or

(*b*) definite fixed or variable assignments are made.

In other words, the inequalities arising from the present settlement can in practice only be removed by the sacrifice of Central revenues, either existing or potential. So far this has been found to be imprac-

ticable. The abolition of the Provincial contributions in 1928-29 has for the time being left practically no margin in the Central budget. It would, in fact, not have been possible to carry out in the current year the partial revision of the Meston Settlement referred to in paragraph 26 even if the Provinces had agreed to it, and in contemplating the *possibility of an inroad upon Central revenues it is necessary to bear* in mind the Central liabilities arising out of the very responsible functions, such as defence, assigned to the Central Government under the constitution.

POSSIBLE LINES OF DEVELOPMENT.

54. It is now proposed to discuss various remedies that have been suggested for removing the inequalities arising from the present distribution of resources. These are :—

(1) The introduction of a system of grants-in-aid for specific services, as distinguished from contributions for general purposes referred to in (5).

(2) A partial reversion to the system of divided heads.

(3) Empowering Provincial Governments to levy a surcharge on some of the Central taxes.

(4) A re-distribution of the sources of revenue now allocated to the Central and Provincial Governments.

(5) The grant of fixed or variable contributions from the Central Government to the Provincial Governments or *vice versâ*, if an equitable distribution cannot be effected by one or more of the methods indicated above.

Grants-in-Aid.

Possibilities of a system of grants-in-aid.

55. It has been explained in a separate Memorandum that under the existing constitution of India it is not permissible to make assignments or grants from Central Revenues to Provincial Governments for expenditure on a Provincial subject. The origin of this arrangement may be traced to the conception in para. 201 of the Report on Indian Constitutional Reforms, that "if provincial autonomy is to mean anything real, clearly the provinces must not be dependent on the Central Government for the means of provincial development." The soundness of this conception, as a general proposition, is hardly open to doubt, as Professor Seligman has observed*: "To have the federal government depend entirely upon largesses from the states is to render it more or less impotent, and certainly to make it subordinate to the states. * * * * * On the other hand, to make the separate states depend financially upon the federal government is to weight the balance in the opposite direction and is not, in the long run, desirable in the interests of a complete equilibrium"

* Seligman : Essays in Taxation, pages 666-667.

56. At the same time, it is possible to argue with some force that it is neither necessary nor desirable to have any hard and fast rule on the subject in the Indian constitution. No such rule exists in the constitutions of the Dominions or other federal states; and as it has been mentioned in a separate Memorandum that grants-in-aid from federal revenues to the States have been given in Canada for the purpose of constructing and improving the highways, and of developing agricultural and technical education, and in Australia for the provision of hospital treatment for persons suffering from venereal diseases. Further, as stated in that Memorandum, the existence of the rule in the Indian constitution has led to administrative difficulties. There are, however, more general considerations. Thus it will be for consideration whether the Central Government should not be competent on suitable occasions to utilize any surplus revenues at its disposal not for the remission of Central taxation but for the allotment of money as grants-in-aid to the provinces for a series of years so as to enable them to make more rapid progress with measures of national development or measures necessitated by India's international commitments than is possible with the unaided resources of particular provinces. Similarly it may be found, when spheres of taxation have been allocated, that in certain circumstances it would be suitable that the Central Government should raise further taxation on a uniform all-India basis and make the proceeds available to the provinces for national development in a particular direction, *e.g.*, construction of roads. It is, therefore, a matter for careful consideration whether the rigid rule in the Indian constitution should not be abrogated, and the Central Government given a free hand to make grants to Provincial Governments for specified purposes, subject to the vote of the Central Legislature.

57. In connection with these grants-in-aid from Central Revenues, there is a further question which will require consideration, *viz.*, the degree of control which the Central Government should exercise in regard to services in the provinces for which a grant-in-aid is given from Central Revenues. In England, grants are made out of sums voted by Parliament to local authorities for the purpose of meeting a portion of the expenditure on services of national importance, like education, police, etc., and in connection with these grants a high degree of central control is imposed on the local authorities. In the words of a well-known authority* on local self-government in England "the National Government in the course of three-quarters of a century from 1832 successively 'bought' the rights of inspection, audit, supervision, initiative, criticism and control, in respect of one local service after another, and of one kind of local governing body after another, by the grant of annual subventions from the national Exchequer in aid of the local finances; and therefore, in relief of the local rate-payer." In India a somewhat similar control is exercised in connection with grants made to local authorities by the Provincial Governments or by the

* Sydney Webb's Grants-in-Aid, page 6.

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(5) The grant of fixed or variable contributions from the Central Government to the Provincial Governments or *vice versâ*, if an equitable distribution cannot be effected by one or more of the methods indicated above.

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57. In connection with these grants-in-aid from Central Revenues, there is a further question which will require consideration, *viz*, the degree of control which the Central Government should exercise in regard to services in the provinces for which a grant-in-aid is given from Central Revenues. In England, grants are made out of sums voted by Parliament to local authorities for the purpose of meeting a portion of the expenditure on services of national importance, like education, police, etc., and in connection with these grants a high degree of central control is imposed on the local authorities. In the words of a well-known authority* on local self-government in England "the National Government in the course of three-quarters of a century from 1832 successively 'bought' the rights of inspection, audit, supervision, initiative, criticism and control, in respect of one local service after another, and of one kind of local governing body after another, by the grant of annual subventions from the national Exchequer in aid of the local finances; and therefore, in relief of the local rate-payer." In India a somewhat similar control is exercised in connection with grants made to local authorities by the Provincial Governments or by the

* Sydney Webb's Grants-in-Aid, page 6.

Central Government in areas directly administered by it. The question of the degree of control that should be exercised over provincial administrations consequent on the acceptance by the provinces of grants-in-aid from Central revenues requires careful consideration. It would probably be not unreasonable for the Central Government to demand in connection with these grants the right to co-ordinate the activities in the various provinces with a limited amount of control which may be requisite to secure a uniformity of standards and a synchronisation of the pace of progress in the various provinces. It is a much more difficult question, however, whether in the case of provincial services, a portion of the expenditure on which may be met from grants from Central Revenues, the Central Government should have the right to impose a degree of control similar to that which has already been described as prevailing in England, and in India also in respect of the activities of local authorities. Under the Canada Highways Act of 1919 (9-10 George V Chapter 54) the payment of grants to the provinces is subject to the following conditions:

(a) *Any highway for which aid is granted shall be constructed or* improved, as the case may be, in accordance with the terms of an agreement to be made by the Minister (of the Federal Government) with the Government of the province. Such agreement must be approved by the Governor in Council and shall contain such provisions, as to location, cost, description, specifications, time and method of construction, supervision and other necessary particulars as are essential to protect the public interest. Except for reasons set forth in such Order in Council and except with the consent of both Governments, all expenditure under the Act shall be by tender and contract.

(b) The aid to be given in any case shall be forty per cent. of the amount which in the opinion of the Minister is the actual, necessary and reasonable cost of the construction or improvement of such highway as the case may be.

The Canadian Technical Education Act of 1919 (9-10 George V Chapter 73) *similarly prescribes* the terms and conditions upon which payments of grants from Federal Revenues for technical education are to be made to the provinces. These precedents suggest that the question of control conditioning grants-in-aid must be determined not only with regard to the constitutional position of the Central and Provincial executive but also with regard to the discretion of the Central Legislature to attach conditions to grants-in-aid requiring its authorisation.

System of Divided Heads.

A partial reversion to the system of divided heads.

58. Opinion in India, official as well as non-official, has for many years advocated the complete separation of the sources of revenue of the Central Government and the Provincial Governments as an ideal towards which the financial policy of the Government of India should

tend, and any suggestion for even a partial reversion to the system of divided heads might be regarded as economic heresy and would probably be received with considerable distrust by the Provincial Governments. It is therefore desirable to analyse the reasons which necessitated the meticulous control associated with that system and to discover whether administrative control is an inevitable result of any system of divided heads. The circumstances which led to this control under the pre-Reform settlements are stated as follows in para. 109 of the Report on Indian Constitutional Reforms :—

> " Because provincial settlements have been based, not on provincial revenues but on provincial needs, a central control over provincial expenditure is not merely justifiable but inevitable. The Government of India could not allow a province to go bankrupt. But if the Government of India were responsible for provincial solvency, they must be in a position to control provincial expenditure ; indeed, in view of their own competing needs, they could hardly avoid feeling a direct interest in keeping down charges. Again, as regards revenues, so long as the Government of India take a share in the proceeds, they have a strong motive for interfering in details of administration. Their interest in land revenue, for example, inevitably leads them to a close supervision over revenue settlements ; and the control tends to become tighter in cases where expansion and development, as in the case of irrigation, depend on capital outlay."

It was in order to avoid this control and interference by the Government of India in Provincial matters that the authors of the Report aimed at finding some means of entirely separating the resources of the Central and Provincial Governments. They were of opinion that the arrangements which had on the whole worked successfully between two official governments would be quite impossible between a popular and an official government.*

59. There are, however, several methods by which the proceeds of a tax may be divided between the Central Government and a Provincial Government. The division may be effected by—

(*a*) a division of the sphere within the tax itself, or

(*b*) the assignment to one or the other of the authorities of a basic rate, the balance to go to the other authority, or

(*c*) a division in accordance with some arbitrary fraction.

It is only to the third method that the arguments stated in the quotation above have any application. For instance, they could not be urged against a scheme for the division of the proceeds of a tax on tobacco, under which the excise duty would be credited to the Central

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* Para. 200 of Report.

Government, while the Provinces would be allowed to levy fixed license fees on shops for the sale of tobacco. Nor would they apply to a method for the division of income-tax under which the taxation on corporations is assigned to one and that on individuals to another, or to a scheme for the division of the proceeds of a Central tax collected directly by a Central Department.

60. The possibility of dividing the sources of revenue now classified as Central or Provincial may now be considered. It may be premised that division will not be appropriate in the case of all heads, and that it will be convenient for certain heads to remain wholly Provincial or wholly Central.

61. *Land Revenue*.—Land revenue appears to be a source of revenue which should appropriately belong to the Provincial Government. Not only does its intimate connection with all the details of Provincial administration render it pre-eminently a Provincial subject, but on theoretical grounds also it is clearly appropriate for Provincial or local taxation. Indeed, in most of the countries of Europe, the land tax is almost entirely appropriated for local purposes.

62. *Court Fees*.—Court fees may be regarded either as a payment for services rendered or, if they appreciably exceed the cost of the courts, as a tax. In either case, being connected closely with Provincial subjects and falling almost entirely on the inhabitants of the Province, they have been held to be clearly suitable for assignment to the Province.

63. *Non-judicial Stamps*.—Stamp duties can be divided into two appropriate classes :—

(1) Those which relate to commercial and *quasi*-commercial transactions.

(2) Those which relate to other transactions, particularly concerning land.

Under the present system, certain stamp duties which it is considered important to keep uniform on account of their commercial importance are reserved, so far as the rate is concerned, for Imperial legislation. All other stamp duties can be altered by the Provinces and the revenue from the reserved duties also goes to the Provinces or, speaking more accurately, to the authority which happens to sell the stamp which is used. So far as the commercial transactions are concerned, it is obviously important that the rate should be uniform throughout India. Moreover, such important problems as the extension and improvement of banking and money market facilities with which the Central Government have to deal are closely bound up with questions of stamp duty relating to commercial transactions. Uniformity of other stamp duties is not, however, essential and there does not seem to be any serious objection to a variety of rates.

The authors of the Report on Indian Constitutional Reforms had intended that the revenue from general stamps should be allocated

to the Central Government, but it was diverted to the Provincial *exchequer* by the Meston Committee because they could find no other means of securing a complete separation of the sources of revenues between the Provincial and Central Governments which would give adequate revenue to certain Provinces. The Taxation Committee suggested the re-transfer of non-judicial stamps to the Central Government but, as has already been stated, owing to strong objections raised by some of the Provincial Governments, the Government of India proposed that commercial and *quasi*-commercial stamps should be assigned to the Central Government while all other stamps should continue to be Provincial. The question was referred to a sub-committee of the Conference of Financial Representatives held in November 1923 and a list of instruments, the stamp duty on which the sub-committee recommended should be credited to the Central Revenues is given in Appendix II.

64. *Customs duties—Export duties.*—Export duties differ from import duties in the fact that their incidence is not always on persons subject to the jurisdiction of the State. The accepted theory is that when an export duty is imposed on a real monopoly, the tax falls upon the foreign consumer and to the extent to which the article is not a monopoly, the tax tends to shift from the foreign consumer to the home producer. Export duties are generally recognised as a pernicious form of taxation. In fact, the constitution of the United States of America prohibits absolutely the imposition of such duties. Their injurious effect is recognized in the Resolution of the International Economic Conference which severely condemns this form of taxation

The principal argument that has been urged in support of the claim by some Provinces for a share of the proceeds of these duties is based on the assumption that the articles on which the duty is levied are not a complete Indian monopoly The principal export duties levied in India are on jute and rice. In the case of both these articles, however, the incidence of the tax can be fairly definitely localised, for Bengal practically monopolises the export of jute while Burma exports more than 90 per cent. of the total quantity of rice sent out from India. It is also possible to argue that to the extent that the tax falls on the producer, the margin of taxation on land for State or local purposes is reduced. The objections to the division of the proceeds of these duties are stated below :—

(1) In the first place, the primary justification for the levy of export duties specially on jute and rice, lies in the fact that they are practically Indian monopolies. Jute is almost an absolute monopoly, while, in the case of rice, the monopoly is shared by Indo-China and Siam, which also levy similar duties. It has been argued that the taxes in both cases fall on the foreign consumer and there is therefore, no theoretical justification for assigning a share of the proceeds of the duty to any individual Province.

(2) There are also practical objections. These export duties may not be a permanent feature of the Indian financial system. If a substitute were found for jute, it would be necessary to reduce or abolish the tax entirely, and if a Provincial Government were interested in the duty, it might be more difficult to make any change to protect the interests of the trade. The fate of the saltpetre industry in India emphasises this point. The export duty levied on saltpetre in 1860 stimulated the manufacture of artificial saltpetre to such an extent that within a period of six years the export was reduced to less than one-third. As stated in the quotation from Sir John Strachey given in the Report of the Fiscal Commission, " export duties enjoy the credit of having ruined the Indian trade in saltpetre. They were taken off when it was too late to repair the mischief."*

65. *Import duties.*—The general objection to the appointment of customs duties does not apply to articles such as liquor which are ordinarily transported in bond The question of sharing the proceeds of customs duties therefore arises only in the case of wines and liquor. From the administrative point of view, it might also be considered desirable that the position as regards the sphere in respect of foreign liquor should be clearly defined in order to avoid a conflict of interests between the Central and Provincial Governments in India. This conflict arises in three ways :—

(1) Provincial Governments can now tap what is really a Central source of revenue by a levy in the guise of vend fees or transport fees what is really an addition to the duty on this class of liquors.

(2) Provincial Governments may, in pursuance of their policy of prohibition, restrict or prohibit the sale of foreign liquor.

(3) Provincial Governments may encourage the sale of country-made foreign liquor (the excise duty on which, under the present system, is credited to Provincial revenues) to the detriment of the sales of imported liquor and of Central revenues.

A division of the proceeds of the customs duty on foreign liquor on the following lines might be viewed as unobjectionable theoretically and would also avoid the present conflict of interests, provided certain restrictions are imposed in order to enable the Central Government to fulfil their obligations under international treaties :—

(a) Customs duties on imported liquors might be fixed on an *ad valorem* or specific basis and foreign liquor might be subjected to a duty at the general rate of 15 per cent. or it might be treated as a luxury article and subjected to a duty of 30 per cent. The present rates amount to 75 to 100 per cent.

* Report of the Indian Fiscal Commission, page 105.

ad valorem. The liquor might be transported in bond and Provincial Governments might be allowed to levy excise duties at any rate they considered necessary.

(*b*) An alternative to this would be to abolish customs duties on imported liquor altogether and to allow Provincial Governments to levy excise duties as they thought fit on foreign liquor consumed in their territories. The proposal has been described in another memorandum, but it may be mentioned here that the complete abolition of customs duties would seem to be a serious step

The following statement shows the consumption of imported spirits in the different Provinces in the year 1925-26.—

	Thousands of proof gallons.
Madras	103
Bombay and Sind	269
Bengal	223
Bihar and Orissa	16
United Provinces	70
Punjab	53
Central Provinces	15
Assam	13
Territories under the Government of India	45

It will be observed that a distribution of the customs revenue on the lines indicated above would largely benefit Bombay and Bengal, which are the Provinces that have suffered most by the defective operation of Devolution Rule 15.

66 *Salt* —In the case of the tax on salt, it is not easy to trace consumption. Salt being a necessity of life, it might be argued, that a distribution of this duty on a population basis would not be open to any theoretical objection There are also possible political advantages in making this a divided head. As a matter of fact, however, owing to differences in diet, the average consumption per head of the population varies considerably in the different provinces. Moreover, it is practically the only big reserve which the Government of India have in the case of an emergency such as war.

67. *Excises* —Where the locality of consumption cannot be traced, it seems clear that an excise duty must be Central. In the case of the excise duty on liquors, duty usually follows consumption and so long as this principle is observed, there is no theoretical or practical objection to the allocation of this source of revenue to the Provinces.

The only other excise duty of importance that is now levied is that on petroleum and kerosene oil. The tax is levied at the refinery and though at the time of levy the destination of a particular consignment may be known, it cannot be guaranteed that it will be consumed in a particular area. The fact that the transport and storage of petroleum is under license and that distribution is in the hands of one or two com-

(2) There are also practical objections. These export duties may not be a permanent feature of the Indian financial system. If a substitute were found for jute, it would be necessary to reduce or abolish the tax entirely, and if a Provincial Government were interested in the duty, it might be more difficult to make any change to protect the interests of the trade. The fate of the saltpetre industry in India emphasises this point. The export duty levied on saltpetre in 1860 stimulated the manufacture of artificial saltpetre to such an extent that within a period of six years the export was reduced to less than one-third. As stated in the quotation from Sir John Strachey given in the Report of the Fiscal Commission, " export duties enjoy the credit of having ruined the Indian trade in saltpetre. They were taken off when it was too late to repair the mischief."*

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77847

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panies may, however, enable consumption to be traced adequately. In *that case it would be feasible to divide this excise among the Provinces* if necessity for such a step should arise.

68. *Income-tax.*—The possible methods of dividing the income-tax, which has been the subject of controversy since the reforms, will now be dealt with. The problem has been examined very exhaustively by the Taxation Enquiry Committee in paragraphs 528 to 538 of their report The main reason why a division of the income-tax between the Central Government and the Provinces is desirable has been indicated in an earlier portion of the Memorandum. It is, briefly, that the taxation systems of the Provinces must be theoretically unsound so long as they do not embrace some method of levying progressive taxation upon ability to pay as represented by commercial and industrial interests. As has been observed in an earlier portion of the Memorandum, a division of the proceeds of the income-tax is already in force under Devolution Rule 15. In the form in which it now exists it provides that the Provincial Government shall receive three pies in each rupee on that portion of the assessed income in a Province which is in excess of the assessed income of the year 1920-21. The rule, however, has failed to give the commercial and industrial Provinces a share in the income-tax, since Bombay has received nothing since 1922-23 and Bengal since 1921-22, while Burma and Assam have received comparatively large assignments not from any marked expansion of non-agricultural income in the Province but owing to certain fortuitous circumstances. The following statement shows the actual amounts received by the Provinces since the Rule was introduced :—

Amounts realised by the Provinces under Devolution Rule 15.

(Figures in lakhs of rupees and two decimals).

—	1921-22	1922-23	1923-24	1924-25	1925-26	1926-27.	1927-28 Revised.	1928 29 Budget
Madras	4 08	..	10 82 (5 68)	1 57	4 27	4 64	5 20	6 50
Bombay	14 72	3 00	.. (13 50)	..	.	.	..	..
Bengal . . .	0 95	..	..	.	..	..	..	..
United Provinces .	3 20	0 33	..	..	0 03	.	..	..
Punjab . . .	0 30	5 69	4 24 (0 06)	1 90	3 82	4 02	3 50	4 00
Burma . . .	3 85	. (1·11)	0 38 (—0 08)	5 90	8 92	14 32	15 00	14 00
Bihar and Orissa .	0 58	2 87	2 55	2 55	2 41	3 25	3 60	3 50
Central Provinces .	0 90	1 49 (0 30)	3 42	2 30	1 36	2 18	1 60	2 00
Assam . . .	0 02	1 15	4 16	5 54	5 29	4 92	6 00	6 00
TOTAL .	28 60	14 53 (1 50)	25 57 (19 14)	19 76	26 10	33 33	34 90	36 00
		16 03	44 71					

N.B—Figures in brackets indicate adjustments on account of previous years.

69. Apart from the fact that this plan of division has been a failure in practice, there exist reasons which render it unsuitable as a permanent method of dividing the income-tax with the Provinces. In the first place, its dependence on a datum line must necessarily involve arbitrary results A Province which failed to assess its income-tax properly up to 1920-21 stands to gain out of the arrangement, while a Province which collected its income-tax efficiently stands to lose. Moreover, the income-tax in the commercial Provinces depends largely on the main industries and the periods of prosperity and depression in each of these do not necessarily synchronise Another objection to the principle of the Rule is that, except in the case of businesses transferred for assessment from one Province to another, it takes no account of the claims of residents and enables the Province of origin to appropriate a share of the tax which is really paid by inhabitants of other Provinces. This objection, however, could be surmounted if proper arrangements could be made for the allocation of the revenue to the Province of origin In fact, such arrangements are in force between the Government of Bengal and the Governments of Assam and Bihar and Orissa regarding the apportionment of the income-tax collected in Calcutta on the profits of tea and mining companies The real defect of the Rule is that it does not enable a Province to reach the capacity of the income-tax paying classes as a whole The share which the Province receives is merely a proportion of the income which exceeds that of the datum line and it is in no sense a share in the taxation of the income whose equivalent happened to be assessed to income-tax in the datum line year. The Taxation Enquiry Committee, therefore, condemned the system of distribution laid down in Devolution Rule 15 as fundamentally unsound.

70. Other possible ways of dividing the income-tax have been discussed in paragraph 530 of the Taxation Enquiry Committee's report. They are as follows :—

(1) The Provinces might be empowered to levy and administer an income-tax separate and distinct from that levied by the Government of India.

(2) The income-tax might continue to be levied by the Government of India, which might at the same time levy *centimes additionnels for the benefit of the Provinces.*

(3) The income-tax might continue to be levied by the Government of India, but a definite share of the yield might be allocated to the various Provinces on principles to be determined.

71. The principal objection to the first method, which is contemplated in various federal constitutions such as Australia, Canada and the United States, is that the existence of two independent taxing authorities operating within the same sphere has given rise to serious difficulties and has been the cause of considerable irritation to the tax-payers. The system involves the submission of separate returns to two different authorities and the understanding of the provisions of two different

taxing schemes. On the other hand, it might be argued that in several Provinces in India local authorities are already permitted to levy taxes directly assessed on income. Moreover, the exemption limit for the [illegible] many authorities as too high for Indian [illegible]ged as an argument for permitting Pro-[illegible]ncome-tax (not necessarily on the same basis as the Central income-tax) on the personal incomes of assessees resident within the Province If they were permitted to do so, it would be necessary to impose certain conditions on the levy of the tax in order to prevent any encroachment by the Provinces on the fiscal sphere of the Central Government.

It may, however, be mentioned that quite recently Australia has discarded the first method in favour of the third (*vide* Appendix I) ; and that in Canada the Provinces in actual practice apparently derive their income-tax revenue from some form of corporation tax.

72 The second method, *viz* , the levy of *centimes additionnels*, obtains as between the State and local taxation in France, Belgium and various other European States The merits of the system and the reasons why it was rejected by the Taxation Enquiry Committee will be discussed in a subsequent paragraph

73 The third method, in the opinion of the Taxation Committee provides the most appropriate solution, since it involves no additional trouble either to the assessing authority or to the tax-payer and it permits of variations in the respective shares of the Central and Provincial Governments without any dislocation of the machinery of assessment and collection The manner in which an allocation between the several Provinces of the total share allotted to them might be made is explained in detail in the following extract from the Committee's report :—

"The Indian Income-tax and super-tax (excluding the super-tax on companies) is, like the British income-tax and super-tax, charged on a double basis. It is charged on all income received in British India from whatever source it may be derived, and it is charged on all income arising or accruing in British India, whatever may be the destination.

"In India, as in the United Kingdom, a large proportion of the yield of the income-tax is realised by the method known as "collection at the source" Under this system, the income-tax in respect of certain species of profits and interest is collected at the point where such profits or interest emerge For instance, a limited company is required to pay income-tax at the maximum rate on the whole of the profits it makes without regard to their ultimate destination, and the burden of the tax is passed on to the shareholder in the shape of a reduced dividend. Similarly, the payer of interest on securities is required to deduct and pay over to the Revenue

income-tax at the maximum rate on such interest. A similar provision exists in India with regard to salaries, subject to the unimportant difference that the rate at which tax is deducted is that appropriate to the estimated total income of the recipient.

" Where tax has been charged at the source at the maximum rate and the total income of the recipient is such as to entitle him to a lower rate, provision is made for a refund based on the difference between the two rates. Accordingly, all profits from trade, etc., are ultimately taken as part of, and at the rate appropriate to, the total income of the individual to whom they belong The sole exception to this rule is in the case of such portion of the profits of a limited company as are not distributed, but are placed to reserve. Here there is no single person to whom such profits can be said to belong, and they accordingly remain burdened with the tax at the maximum rate charged on the general profits of the company.

" It follows from what has been stated above that, in a number of cases, tax will be charged in a province in which a company carries on its business, but actually be borne by a person resident in some other province, and the question then arises in what proportion the income-tax is to be allotted as between the province in which the income arises, and in which the tax is collected in the first instance, and the province in which the recipient of the income who ultimately bears the burden of the tax resides

" The problem is not dissimilar in its main aspects from that involved in devising means for the avoidance of double income-tax as between two sovereign States Both problems arise from the same cause, viz., the existence of a double basis of liability, residence and origin, and if the relative weight to be *attached to these two factors could be agreed upon*, a theoretical solution of both problems would be easy.

" The problem has attracted considerable attention lately in Europe and in the United States, and in 1921 the Financial Com- [illegible] to consider and report upon the matter.

" Their method of attacking the problem was to ascertain, as regards each category of wealth, where the economic [illegible]

77. *Super-tax on Companies (Corporation Profits tax).*—The second proposal of the Taxation Committee that in partial recognition of the principle of origin a small portion of the receipts of the super-tax on companies or the corporation profits tax should be allotted to the Provinces is open to certain objections, theoretical as well as practical.

(a) In the first place, the problem which the Committee of the League of Nations had to deal with was in some respects different from that which has to be solved in India. The question which that Committee had to consider was not the division of income-tax between a federal Government and the component States, but the apportionment of income-tax between two sovereign countries. In the case of two independent countries, some weight should probably be given to origin, for every country attempts, by means of protective tariffs, and other means, to develop its industries. It is doubtful whether the same importance should be attached to the principle of origin in considering the question of the division of income-tax between the Provinces in India. To take a concrete case, many of the mining industries and the steel industry are located in the Province of Bihar and Orissa, but the capital of the companies working the mines has been largely supplied by Bombay and Bengal. In the case of the steel industry, a very heavy subsidy is paid by the Government of India, while the other facilities provided by Government are railways, roads, water supply, etc. The railways were, of course, constructed by the Government of India and as regards roads and water supply, the industries pay very heavily in the shape of local taxation. The case for the division of the super-tax on companies among the Provinces is, therefore, not theoretically strong.

(b) In the second place, the preliminary adjustment of the collections of each Province to meet the case of profits earned in several Provinces but taxed in only one, which is essential for the distribution of the super-tax on companies on an equitable basis, can only be made on assumptions of a hypothetical character. The complexities of the problem can best be illustrated by taking the concrete case of certain types of companies—

(i) Take the case of a Railway company which operates over several Provinces and Indian States and is managed from Bombay and financed by British capital. It would be difficult to state definitely where the income of such a company is earned, how it should be distributed among the various Provinces and on what basis the income should be assigned to the managing office in Bombay and to the head office in England.

(ii) Consider next the case of a big oil company, such as the Burma Oil Company which again is financed largely by British capital and has its head office in England but operates through numerous selling agencies over a large portion of India It would not be easy in practice to apportion the profits of this company among Burma and the other Provinces where the oil is actually consumed.

It is unnecessary to multiply instances. In the opinion of Sir Josiah Stamp, " the division of profits according to the place of origin presents an almost insoluble problem of accountancy and is, of course, not strictly determinable."

78. The difficulties, however, do not seem to be insuperable and they have been actually overcome in Germany The problem in India is not as formidable as it was in Germany, for there are at present only about one thousand companies which are subject to this tax and in a very large number of cases the place of collection coincides with the place of earning. The most serious difficulties that stand in the way of such an arrange-

of the Board of Inland Revenue illustrating the method by which these difficulties have been overcome in practice in Germany.* From the practical point of view, this tax seems peculiarly suitable for division among the provinces. The proceeds of this tax reflect to a greater extent than the ordinary income-tax the commercial prosperity of the provinces, and Bombay, Bengal and Bihar and Orissa, which are the Provinces that have benefited least by the present settlement, would receive a very large portion of the total amount distributed.

Surcharge on Central taxes.

Possibilities of surcharges on central taxes.

79. The possibility of the levy of surcharges or *centimes additionnels arises only in regard to the income-tax, for obviously a surcharge on the* customs revenue or salt is impracticable. *Centimes additionnels* on the central income-tax are levied in France, Belgium, Italy and various other European States for local purposes. The possibility of a levy in India was considered by the Taxation Enquiry Committee, who rejected the proposal on the following grounds :—

(1) In their opinion, the system can only be employed successfully where the income-tax machinery is directed to taxing either all revenues at the source or all revenues at the destination of the income and not where a combination of both methods is adopted.

* Pages 327-328 of the Appendix to the Final Report of the Departmental Committee on Local Taxation.

(2) If Provincial Governments were empowered to determine the rates of a surcharge on the Imperial income-tax, an inevitable result would be a variation in the rates in different Provinces which is to be deprecated in the interests of commerce and industry.

80. It may, however, be argued that in coming to this conclusion the Taxation Enquiry Committee were influenced by certain superficial resemblances between the Indian system and the English system. The objection to the levy of a surcharge on the income-tax *collected* within a Province is obvious, but in India, under section 22 of the Indian Income-tax Act, every assessee is required to furnish a return of his income from all sources and under section 29 the Income-tax Officer serves a Notice of Demand on each assessee in which his total income estimated according to the Income-tax authorities is given. There can be no theoretical objection to a system of surcharges, provided such surcharges are levied only on personal incomes of residents within the Province and not on the collections within the Province. Nor would a surcharge on such incomes affect commerce or industry.

The principal objection to such surcharges is that they might encroach seriously on the sphere of Central taxation This objection would be removed if the surcharges were limited to a definite percentage of the rates prescribed by the Government of India.

Redistribution of the Sources of Revenue.

Possibilities of a redistribution of the Sources of Revenue.

81. In the preceding paragraphs the possibility of providing additional income for the Provinces by a division of the existing taxes or by the levy of surcharges on the Central taxes has been discussed. A brief reference may here be made to two Provincial taxes which have not yet been exploited but which are very important source of income in almost all other civilised countries

82. A feature which distinguishes the fiscal system of India from that of other countries is the absence of any internal taxation on tobacco and of any universal taxes on inheritance or succession. The question of the taxation on tobacco through a system of excise has been considered on many occasions by the Government of India, but the proposals have been rejected mainly because there was no organised industry to which it could be applied. The position, however, has altered considerably in recent years because a fairly large cigarette industry has now grown up behind the tariff wall. It would be difficult, however, for Provincial Governments in general to levy an excise duty on cigarettes manufactured in factories, for the manufacture is concentrated in two or three centres, and it would be very difficult to levy the tax according to the principle that duty should follow consumption. Owing to the difficulty of tracing consumption, the tax is in most countries a Central source of revenue. It is therefore a point for consideration whether this source of revenue should not be transferred to the Central Government, especially

if some of the Central sources of revenue are to be divided with the Provinces.

83. The question of the levy of death duties in India has been discussed at great length in Chapter XII of the Report of the Indian Taxation Enquiry Committee. Duties on succession are in other countries a common source of Provincial taxation. In the United States of America, both the Federal and the States Governments levy succession duties. In Canada and Switzerland, the Provinces and Cantons alone levy them; while in Australia both the Commonwealth and the States imposed death duties until 1926-27 when it was decided to hand them over wholly to the States. The experience of other countries, therefore, suggests that they are a suitable source of Provincial taxation. There are, however, various reasons which might be urged in favour of making the tax a Central source of revenue. It is closely connected in its nature and administration with the income-tax and, in common with the income-tax, it exhibits the conflict between the claims of origin and residence. In the United States of America a great deal of double taxation has resulted from the fact that the duties levied by the different States are based on different principles. In Switzerland, where most of the cantons impose death duties, it has been found necessary to pass federal legislation to reguate the levy of the tax. In the case of real property, the duty accrues to the canton where it is situated and in the case of personality to the canton where the deceased was domiciled. In India, if death duties were levied, it might probably be necessary to entrust the administration to a Central authority. The Taxation Committee have also recommended that the legislation dealing with the question of death duties should be undertaken by the Central legislature. The question therefore arises whether this tax should not be transferred to the Central Government and the proceeds divided, as in the case of the income-tax, on certain recognised principles. For instance, the death duties on landed property might be assigned to Provinces and those on personality to the Central Government.

Contributions.

84. It has so far been assumed that the distribution of the sources of revenue should be uniform over provinces. Uniformity, however, for reasons which have already been explained in an earlier portion of the Memorandum, does not necessarily lead to equality, though, it may be noted with interest, the principle of uniformity was enunciated by the Government of India in 1904 as a basis of the *quasi*-permanent settlements in order " to ensure a reasonable equality of treatment ". In practice, as has already been observed, the inequilities then arising were adjusted partly by varying the shares of the divided heads of revenue and partly by a system of contributions. If a partial reversion to a system of divided heads was considered necessary either on the lines indicated in the preceding paragraphs or on some other basis, it might

Possibilities of a system of contributions.

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Possibilities of a redistribution of the Sources of Revenue

81. In the preceding paragraphs the possibility of providing additional income for the Provinces by a division of the existing taxes or by the levy of surcharges on the Central taxes has been discussed. A brief reference may here be made to two Provincial taxes which have not yet been exploited but which are very important source of income in almost all other civilised countries

82 A feature which distinguishes the fiscal system of India from that of other countries is the absence of any internal taxation on tobacco and of any universal taxes on inheritance or succession. The question of the taxation on tobacco through a system of excise has been considered on many occasions by the Government of India, but the proposals have been rejected mainly because there was no organised industry to which it could be applied. The position, however, has altered considerably in recent years because a fairly large cigarette industry has now grown up behind the tariff wall. It would be difficult, however, for Provincial Governments in general to levy an excise duty on cigarettes manufactured in factories, for the manufacture is concentrated in two or three centres, and it would be very difficult to levy the tax according to the principle that duty should follow consumption. Owing to the difficulty of tracing consumption, the tax is in most countries a-Central source of revenue. It is therefore a point for consideration whether this source of revenue should not be transferred to the Central Government, especially

if some of the Central sources of revenue are to be divided with the Provinces.

83. The question of the levy of death duties in India has been discussed at great length in Chapter XII of the Report of the Indian Taxation Enquiry Committee. Duties on succession are in other countries a common source of Provincial taxation. In the United States of America, both the Federal and the States Governments levy succession duties In Canada and Switzerland, the Provinces and Cantons alone levy them; while in Australia both the Commonwealth and the States imposed death duties until 1926-27 when it was decided to hand them over wholly to the States. The experience of other countries, therefore, suggests that they are a suitable source of Provincial taxation. There are, however, various reasons which might be urged in favour of making the tax a Central source of revenue. It is closely connected in its nature and administration with the income-tax and, in common with the income-tax, it exhibits the conflict between the claims of origin and residence. In the United States of America a great deal of double taxation has resulted from the fact that the duties levied by the different States are based on different principles In Switzerland, where most of the cantons impose death duties, it has been found necessary to pass federal legislation to reguate the levy of the tax. In the case of real property, the duty accrues to the canton where it is situated and in the case of personality to the canton where the deceased was domiciled. In India, if death duties were levied, it might probably be necessary to entrust the administration to a Central authority. The Taxation Committee have also recommended that the legislation dealing with the question of death duties should be undertaken by the Central legislature. The question therefore arises whether this tax should not be transferred to the Central Government and the proceeds divided, as in the case of the income-tax, on certain recognised principles. For instance, the death duties on landed property might be assigned to Provinces and those on personality to the Central Government.

Contributions.

84. It has so far been assumed that the distribution of the sources of revenue should be uniform over provinces. Uniformity, however, for reasons which have already been explained in an earlier portion of the Memorandum, does not necessarily lead to equality, though, it may be noted with interest, the principle of uniformity was enunciated by the Government of India in 1904 as a basis of the *quasi*-permanent settlements in order "to ensure a reasonable equality of treatment". In practice, as has already been observed, the inequilities then arising were adjusted partly by varying the shares of the divided heads of revenue and partly by a system of contributions. If a partial reversion to a system of divided heads was considered necessary either on the lines indicated in the preceding paragraphs or on some other basis, it might

Possibilities of a system of contributions.

still be possible to vary the shares of the additional taxes according to provincial requirements. Indeed, when the alternatives to Devolution Rule 15 were under discussion, two of the provinces suggested that the rate of income-tax on personal income to be assigned to the provinces might be varied so as to obviate the need for fixed assignments.*

85. The extent to which it might be necessary to resort to a system of contributions will depend upon the decision as regards the principles on which a general distribution of revenue should be effected. It is therefore not possible to deal with the question except in the abstract. As stated in paragraph 55, there are strong objections on theoretical grounds to any system of contributions from the Central Government to the Provincial Governments or from the latter to the former. There is much to be said for a system under which the allotment of certain sources to the Central Government and certain others to the Provincial Governments gives each a revenue adequate to its needs and at the same time effects a fair division between the different provinces.† Practical difficulties, however, often stand in the way of the adoption of the theoretically best system and neither the needs of provinces nor the population of each, to which reference is made in the succeeding paragraph, are criteria which all provinces are likely to accept as the sole principles of deciding what each may fairly expect to retain or to receive. It will be seen from Appendix I, that the constitutions of several federations provide for a system of contributions from the Central Government to the constituent states or provinces as a means of adjusting fiscal inequalities. Australia, however, appears to have recently discarded the system in favour of an arrangement under which certain taxes are shared between the Federal and State Governments on a definite basis though they are collected by a single authority. A similar arrangement is in force in Germany, and the feasibility of adopting it in India has already been discussed in the preceding paragraphs.

Only one extant constitution, *viz.*, that of Switzerland, provides for the levy of contributions by the Federal Government from the constituent States (cantons). But the power has never been exercised in practice, not even during the Great War when the Federal Government was in great financial difficulties.

86. If, however, other alternatives fail and it is found necessary to provide in the Indian constitution of the future for contributions from the Central Government to the Provinces, the question will have to be considered how the aggregate amount of such contributions is to be distributed among the provinces. Federal contributions in aid of the general resources of the constituent states are now paid only in Switzerland and Canada. No details are readily available about the precise arrangement

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* See para. 8 of the Report of the Sub-Committee on the division of non-judicial stamps and income-tax, page 120 *infra*.

† Report of the Indian Taxation Enquiry Committee, paragraph 511.

adopted in the former country. In Canada the contributions consist of two parts, *viz.*:—

(*a*) fixed allowances which vary for the different provinces and are calculated on a scale sliding between a minimum and a maximum with reference to the population; and

(*b*) fluctuating allowances calculated on a *per capita* basis of population.

In Australia, the Federal Government used to pay until recently contributions to the States on a *per capita* basis of population.

87. From the point of view of the Central Government, a system of fixed contributions seems to offer the advantage of avoiding any subsequent disturbances in the financial dispositions of that Government. From the point of provinces, a system of fixed *plus* fluctuating contributions has the advantages of securing to the provinces a minimum allowance whatever the vicissitudes of the province may be and of holding out a prospect of increased resources which may, according to the basis of calculation, in greater or less degree, be related to increased demands for expenditure. What method is adopted, it will still be for decision whether the conclusions reached should find a place in the rigid portion of the constitution or should be given a more fluid form whether in the statutory rules or otherwise. The advantages of the former method are that any disputes between the Central Government and the Provincial Governments will be obviated and any attempt on the part of the former to utilise the contributions as a means of influencing the policy and administration of the latter outside the provisions of the constitution will be prevented. The advantages of the latter method are the greater facility for amending financial inequalities and adjusting the incidence of the working of the financial settlements as experience proves necessary. The history of the Meston Settlement suggests that any financial settlement may have, in the course of its operation, consequences which could not be foreseen at its inception

CONCLUSION.

88 This Memorandum is confined to a single problem, *viz.*, the distribution of the existing sources of revenue between the Central Government and the Provincial Governments under the present constitution. It proceeds on the assumption that the method of allocation of revenues to Provincial Governments, on which the Meston Settlement is based, will be maintained; but the validity of this assumption will depend on certain general considerations which will govern the determining features of the new constitution and which will require separate examination. Its scope is further limited by certain practical considerations such as those indicated in praragraph 53. As has been observed, under the present system it would be difficult to provide the Provinces with additional funds, except by the sacrifice of Central revenues, existing or potential. By a slight re-distribution of the sources of income on the principles indicated in the last portion of the memorandum, it might be

possible to remove some of the more obvious inequalities of the present system and to make the distribution more equitable as between the Provinces. But a revision of the Meston Settlement, even on the lines suggested by the discontented Provinces, would not give these Provinces more than one or two crores of rupees. With the wider and more important problem of finding the colossal sums of money required for universal mass education (estimated at not less than Rs. 60 crores for the whole of India) and for rural development, it is not proposed to deal here, for the question of fiscal development cannot be discussed in isolation. To give an instance, the Taxation Committee have come to the conclusion that the chief impediment in the way of the development of local taxation arises from the fact that the jurisdictions of local authorities in this country are so large as to remove them from effective touch with the taxpayer. The Committee have therefore strongly endorsed, on purely fiscal grounds, the recommendation of the Decentralisation Commission, based on administrative considerations, that the unit of local administration should be the village. It is obvious that questions such as these raise constitutional and administrative issues which cannot be adequately discussed here.

July 1928.

Statement showing the financial position of Provinces.

MADRAS.

Lakhs of Rupees.

Year	Revenue position			Debt position					Closing balance after adjusting capital and miscellaneous transactions.	
					Loans from Government of India or Provincial Loans Fund.					
	Revenue.	Expenditure	Surplus + or deficit —.	Loans in open market.	Opening balance.	Borrowings	Repayments.	Closing balance	Ordinary balance	Famine Insurance Fund.
1921-22	11,75	12,74	—99	..	9,85	1,1[illegible]	10	10,90	..	..
1922-23	12,58	12,61	—3	..	10,90	6	14	11,42	3	6
1923-24	12,99	12,63	+36	..	11,42	61	45	11,58	..	13
1924-25	12,79	13,09	—30	..	11,58	1,30	22	12,66	17	14
1925-26	14,71	13,73	+98	.	12,66	89	30	13,25	1,23	21
1926-27	15,18	14,17	+1,01	.	13,25	2,02	34	14,93	2,81	29
1927-28 (revised)	16,76	15,58	+1,18	..	14,93	1,60	40	16,13	3,57	37
1928-29 (budget)	16,97	16,99	—2	..	16,13	1,45	46	17,12	2,43	44

Statements showing the financial position of the Provinces—contd.

BOMBAY.

Lakhs of Rupees.

Year.	Revenue position			Debt position							Closing balance after adjusting capital and miscellaneous transactions	
				Loans raised in open market			Loans from the Government of India or Provincial Loans Fund					
	Revenue	Expenditure.	Surplus + or deficit —.	Opening balance.	Borrowings.	Closing balance.	Opening balance	Borrowings	Repayments	Closing balance	Ordinary.	Famine Insurance Fund
1921-22 .	13,11	15,02	—1,91	9,39		9,39	12,12	3,80	10	15,82	2,14	
1922-23	14,17	13,53	+64	9,39	.	9,39	15,82	7,65	34	23,13	3,73	61
1923-24 . .	14,52	14,23	+29	9,39		9,39	23,13	10,25	29	33,09	4,88	94
1924-25 .	14,99	14,72	+27	9,39		9,39	33,09	7,05	30	39,84	5,24	1,44
1925-26	15,24	16,15	—91	9,39		9,39	39,84	6,58	75	45,67	5,33	1,95
1926-27 . .	14,58	16,24	—1,66	9,39	.	9,39	45,67	2,62	70	47,59	2,82	2,42
1927-28 (revised)	15,53	15,99	—46	9,39	..	9,39	47,59	2,91	80	49,70	74	1,81
1928-29 (budget)	15,74	16,13	—39	9,39	..	9,39	94,70	4,23	2,67	51,26	7	1,62

BENGAL.

Lakhs of Rupees.

Year	Revenue position			Debt position					Closing balance after adjusting capital and miscellaneous transactions	
				Loans raised in open market	Loans from the Government of India or Provincial Loans Fund					
	Revenue.	Expenditure.	Surplus + or deficit—		Opening balance	Borrowings	Repayments	Closing balance	Ordinary.	Famine Insurance Fund.
1921-22 .	8,32	10,48	—2,16		1,18	50	.	1,68	65	2
1922-23 . .	9,85	9,59	+26	.	1,68	52	2	2,18	87	4
1923-24 .	10,13	9,78	+35	.	2,18	..	4	2,14	1,24	6
1924-25 .	10,34	9,76	+58	.	2,14		5	2,09	1,86	8
1925-26	10,70	10,31	+39	.	2,09	24	5	2,28	2,27	11
1926-27 . .	10,50	10,71	—21	.	2,28	7	5	2,30	1,86	13
1927-28 (revised) .	10,77	11,03	—26	..	2,30	24	6	2,48	1,74	13
1928-29 (budget) .	10,93	11,24	—31	..	2,48	39	6	2,81	72	12

Statements showing the financial position of the Provinces—contd.

UNITED PROVINCES.

Lakhs of Rupees

Year.	Revenue position.			Debt position							Closing balance after adjusting capital and miscellaneous transactions	
				Loans raised in open market			Loans from the Government of India or the Provincial Loans Fund.					
	Revenue.	Expenditure.	Surplus + or deficit —.	Opening balance	Borrowings	Closing balance.	Opening balance.	Borrowings.	Repayments.	Closing balance.	Ordinary balance.	Famine Insurance Fund
1921-22 . .	10,02	11,49	—1,47	..	4,19	4,19	15,16	23	48	14,91	2,70	32
1922-23 . .	10,06	10,71	—65	4,19	1	4,20	14,91	..	25	14,66	83	58
1923-24 . .	10,31	10,47	—16	4,20	..	4,20	14,66	1,04	25	15,45	54	90
1924-25 . .	10,00	10,43	—43	4,20	..	4,20	15,45	1,48	25	16,68	26	49
1925-26 . .	10,87	11,18	—31	4,20	..	4,20	16,68	2,00	25	18,43	22	30
1926-27 . .	11,39	11,34	+5	4,20	.	4,20	18,43	2,27	26	20,44		20
1927-28 (revised)	12,83	11,71	+1,12	4,20	..	4,20	20,44	1,94	92	21,46	21	6
1928-29 (budget)	12,47	11,92	+55	4,20	..	4,20	21,46	2,25	27	23,44	23	20

PUNJAB.

Lakhs of Rupees.

Year	Revenue position.			Debt position							Closing balance after adjusting capital and miscellaneous transactoins	
				Loans raised in open market			Loans from the Government of India or Provincial Loans Fund					
	Revenue.	Expenditure	Surplus + or deficit —.	Opening balance	Borrowings	Closing balance	Opening balance	Borrowings	Repayments	Closing balance	Ordinary balance.	Famine Insurance Fund.
1921-22 . .	7,10	8,81	—1,71	..	..	..	21,66	1,00	..	22,86	..	.
1922-23 . .	8,28	8,85	—57	..	..	.	22,87	1,32	.	24,19	..	4
1923-24 . .	9,16	8,04	+1,12	..	192	1,92	24,19	..	1,00	23,19	64	8
1924-25 . .	9,78	7,95	+1,83	1,92	..	1,92	23,19	..	1	23,18	1,30	11
1925-26 .	11,52	9,94	+1,58	1,92	73	2,65	23,18	..	1	23,17	2,54	14
1926-27 . .	10,86	11,47	—61	2,65	{ 16 —1 }	2,80	23,16	..	1	23,15	1,45	14
1927-28 (revised).	12,42	12,07	+35	2,60	..	2,80	23,15	30	1	23,44	1,31	18
1928-29 (budget)	12,73	12,77	—4	2,80	..	2,80	23,44	40	2	23,82	69	20

Statements showing the financial position of the Provinces—contd.

BURMA.

Lakhs of Rupees.

Year	Revenue position			Debt position.					Closing balance after adjusting capital and miscellaneous transactions.	
					Loans from the Government of India or the Provincial Loans Fund.					
	Revenue	Expenditure	Surplus +, or deficit —	Loans raised in open market	Opening balance	Borrowings.	Repayments.	Closing balance.	Ordinary balance.	Famine Insurance Fund
1921-22	9,18	9,0	+14						5,84	1
1922-23	8,63	10,24	—1,56				..	..	3,67	1
1923-24	8,58	8,85	—27		.	..	..	..	3,03	1
1924-25	9,86	9,87	—1	*Nil*	..	..		..	2,78	1
1925-26	10,19	10,60	—61		..		..	..	2,41	2
1926-27	10,06	11,42	—1,36		.	..	..	.	1,04	3
1927-28 (revised)	10,34	12,10	—1,76			85	..	85	9	3
1928-29 (budget)	10,73	11,78	—1,05		85	1,50	2	2,33	13	4

BIHAR AND ORISSA.

Lakhs of Rupees.

Year	Revenue position.			Debt position					Closing balance after adjusting capital and miscellaneous transactions	
					Loans from the Government o Indla or the Provincial Loans Fund					
	Revenue.	Expenditure	Surplus + or deficit —	Loans from open market	Opening balance.	Borrowings.	Repayments	Closing balance	Ordinary balance	Famine Insurance Fund.
1921-22	4,43	4,58	—15	..	6,69	..	5	6,64	85	8
1922-23	4,94	4,63	+31	..	6,64	20	5	6,79	1,21	22
1923-24	5,28	4,84	+44	..	6,79	7	5	6,81	1,43	33
1924-25	5,36	5,13	+23	..	6,81	5	5	6,81	1,61	41
1925-26	5,79	5,55	+24	..	6,81	..	25	6,56	1,68	56
1926-27	5,74	6,05	—31	..	6,56	..	7	6,49	1,28	65
1927-28 (revised)	5,65	5,94	—29	..	6,49	..	7	6,42	97	69
1928-29 (budget)	5,74	5,88	—14	..	6,42	..	8	6,34	75	76

Statements showing the financial position of the Provinces—concld.

Central Provinces.

Lakhs of Rupees.

Year	Revenue position			Debt position.					Closing balance after adjusting capital and miscellaneous transactions	
					Loans from the Government of India or the Provincial Loans Fund.					
	Revenue.	Expenditure	Surplus + or deficit —	Loans in open market	Opening balance	Borrowings.	Repayments	Closing balance.	Ordinary balance.	Famine Insurance Fund.
1921-22	4,72	4,95	—23	.	4,64	47	4	5,07	..	..
1922-23 . .	5,16	4,90	+26	.	5,07	29	43	4,93	47	31
1923-24 . .	5,17	4,94	+23	.	4,93	31	6	5,18	1,00	72
1924-25 . .	5,25	4,88	+37	..	5,18	26	28	5,16	1,31	1,14
1925-26 .	5,35	5,33	+2	..	5,16	13	25	5,04	78	1,51
1926-27	5,07	5,74	—67	.	5,04	32	8	5,28	..	1,87
1927-28 (revised) .	5,47	5,39	+8	.	5,28	82	12	5,98	47	1,79
1928-29 (budget)	5,54	5,68	—14		5,98	32	10	6,20	15	1,72

Assam.

Lakhs of Rupees.

Year.	Revenue position			Debt position.					Closing balance after adjusting capital and miscellaneous transactions	
					Loans from the Government of India or the Provincial Loans Fund					
	Revenue.	Expenditure	Surplus + or deficit —	Loans raised in open market	Opening balance	Borrowings	Repayments	Closing balance	Ordinary balance.	Famine Insurance Fund.
1921-22	1,82	2,05	—23		..	..	..	..	7	..
1922-23	1,84	2,05	—21		..	13	..	13	..	..
1923-24	2,11	1,90	+21		13	..	..	13	23	..
1924-25	2,30	2,00	+30	Nil	13	.	13	..	44	..
1925-26	2,50	2,28	+22		..	.	..	..	64	1
1926-27	2,43	2,43	..		.	..	..	..	63	1
1927-28 (revised) .	2,68	2,58	+10		..	..	..	..	67	1
1928-29 (budget) .	2,78	2,82	—4		..	..	.	..	49	1

APPENDIX I.

Switzerland.*

1. The Swiss federation may be taken as representing one extreme, that is to say, a federation of states of markedly independent characteristics which existed as independent authorities long before they joined in the federation. Not only were the cantons organized political bodies, but in some cases at least the communes, which compose the cantons, had also independent existence and did not derive their authority from the latter. These factors have led to an emphasis of the importance of the cantons, which view with considerable jealousy any attempt on the part of the Federation to encroach upon the sphere of the cantons.

2. Under the Swiss constitution, the Federal Government is entitled to the revenue from the following sources :—

(1) Federal property.

(2) Customs.

(3) Posts and Telegraphs.

(4) The powder monopoly.

(5) Half of the gross receipts from the tax levied by the cantons in return for exemptions from Military service.

(6) Contributions by the cantons to the Federal Government.

Before the War the revenues of the Federation, which were about one hundred million francs, were derived mostly from State property and customs duties and there was very little income from direct taxation. The revenue of the cantons, which amounted to more than two hundred million francs, was mostly derived from the following taxes :—

(1) Income-tax, property tax and personal taxes.

(2) Death duties and succession taxes.

(3) Stamps.

(4) Various forms of indirect taxes such as taxes on carriages, automobiles, etc.

The cantons also received 12 million francs as their share of federal taxes and about 24 millions in subventions from the Federal Exchequer.

3. Under section 42 of the Swiss constitution, in times of emergency the cantons are required to contribute to the expenses of the Federation according to a prescribed scale, but in practice no such contributions have been paid. When the Federal Government was faced with heavy expenditure for mobilization in connection with the outbreak of the War, it imposed temporary war taxation on property and income to be

* The account of the fiscal system of these federations is largely based on—

(1) a note prepared for the Taxation Committee,

(2) Newton's Federal and Unified Constitutions and

(3) Official Year Books of Canada, Australia and S. Africa.

levied by the cantons, which retained a share of the proceeds and paid the balance into the Federal treasury. When the measure was introduced, it was explained that, though, under the constitution, the proper course was to levy contributions on the cantons, it would be entirely contrary to the custom of the constitution to make such a levy, since the tendency had been for the Federal Government to give contributions to the cantons and the finances of the latter would be dislocated if they made contributions. Consequently the constitution was amended and a direct federal war tax was levied. As the War went on, a war-profits tax was introduced, then a second levy of war tax and finally an increase in stamp duties and customs. In 1924, the Federal revenues amounted to 350 million francs, of which 268 millions represented taxation. The total revenues of the cantons amounted in that year to 510 million francs, distributed as follows :—

	Million francs.
(1) Cantonal direct taxation and death duties	198
(2) Stamps, licenses and permits	39
(3) Share of federal taxes	26

The balance consisted of ordinary and extra-ordinary subventions and income from property. The cantons and the Federation now share the income from military taxes, patent fees, the alcohol monopoly, the profits from the National Bank, the stamp duties and, to a certain extent, the yield of the War taxes

Certain functions are imposed upon the cantons by law, but their discharge is conditional upon the grant of subsidies by the Federation. Subsidies are also utilized for co-ordinating the activities of the Federation and the cantons in certain matters. The total subsidies from the Federation to the cantons amounted to 24·2 million francs in 1913 and to 57·5 million francs in 1927.*

It will thus be observed that the system of subsidies is a prominent feature of Swiss financial arrangements. There appear to be no general subsidies and the normal subsidies are all for specific objects such as roads, forestry, agriculture, public health, education, etc. The extraordinary subsidies were chiefly for measures of unemployment relief and reduction in the cost of living. It does not, however, appear that the subsidies have been used as a balancing factor between the Federal and cantonal finances.

The German Empire.

4. Prior to the adoption of the constitution of 1871, various forms of federation had been in force in Germany. The main conditions under which this constitution was framed were the preponderant position

* Memorandum on Public Finance 1922-26—League of Nations.

of Russia and the unifying influence of the Zollverin or Customs Union. The provisions of the 1871 constitution, which relate to taxation, were as follows :—

Among the affairs which were subject to the superintendence and legislation of the Empire were customs and commercial legislation, taxes which were to be applied to the requirements of the Empire, banking and overseas trade. In section 33, it was provided that Germany should form one commercial territory encircled by a common frontier. Articles of free trade in one of the States might be introduced into any other State and could only be subjected to a duty in the latter when and to the same extent as similar articles produced in that State were subject to a home duty. Section 35 gave the Empire the sole right of legislation in all customs affairs, in the taxation of salt and tobacco, beer, spirits and sugar. These taxes were to be collected and administered by the States, but the revenue from them went into the Imperial treasury subject to a deduction for the cost of collection.

5. In the nineties, the German States adopted the income-tax and a little later, they also adopted inheritance taxes levied at progressive rates. At this stage, the Federal Government did not levy direct taxation, but derived its revenue from the taxes which have already been specified. As this revenue was not sufficient for the needs of the Federal authority, it was provided that the balance should be met by *contributions from the States. After 1879, the increase in the customs* duties provided the Empire with more money than it needed, but, largely for political reasons, the contributions were not abolished. Instead, a complicated arrangement was adopted by which the surplus of certain revenues was allotted to the States. The contributions were set off against them, and any surplus of allotments over contribution was paid to the States

6. In the early years of the twentieth century, the increasing needs of the Imperial Government led to the adoption of a number of new Federal taxes, on consumption and transactions, and in 1906, a federal inheritance tax was introduced. The tax was actually levied by the States subject to the Federal law governing double taxation. Two-thirds of the yield of the inheritance tax was to go to the Empire and one-third to the several States, which were now to abandon their own inheritance taxes. A few years later, the expenditure on the navy necessitated a readjustment of the system and it became necessary to raise additional federal revenue to the extent of 500,000,000 marks a year. It was originally proposed to raise 400,000,000 marks by indirect taxation and the balance from an increase in the rates or scope of the inheritance tax. But ultimately, 475,000,000 marks were raised from taxes on consumption and on transactions, and 25,000,000 by a slight increase in the contributions and by the assignment to the Empire of three-fourths instead of two-thirds of the existing inheritance tax. This system remained in force until the outbreak of the War. In 1913, an Imperial income-tax was levied for the first time, but not as an annual

tax. The fact that there was no Imperial income-tax caused considerable inconvenience during the War.

7. The revolution of November 1918 brought about the framing of a new constitution, of which the principal provisions relating to taxation are as follows :—

* The Federal Government has sole legislative power in the matter of customs and as regards both uniformity in the sphere of customs and trade and freedom of commercial intercourse. Under article 8, the Federal Government is given legislative power as regards taxes and other sources of revenue so far as they are claimed, wholly or in part, for federal purposes. Where the Federal Government demads taxes or other sources of revenue hitherto appertaining to the various States, it must take into consideration the maintenance of the vitality of those States. Under article 11, the Federal Government is given power to draw up regulations as to the admissibility and mode of collection of State taxes in so far as they are required for the purpose of preventing—

(1) loss of revenue or action prejudicial to the commercial relations of the Federation,
(2) double taxation,
(3) the imposition of charges for the use of the public lines of communication which constitute a hindrance to traffic,
(4) the grant of bounties on exportation, or
(5) assessments prejudicial to imported goods as opposed to home products in dealing between the separate States.

8. In article 82, the provisions of article 33 of the 1871 constitution are reproduced, and article 83 provides that customs duties upon articles of consumption should be administered by the Federal authorities. Article 84 allows the Federal Government to pass laws regarding the organisation of the administration of the taxes in the States so far as is required for the purposes of uniform and equal execution of the Federal laws of taxation The 1919 constitution gave the Federation full financial hegemony and entitled it to impose taxes without restriction. Instead of contributions from the individual States to the Empire, the Federation has now the power to permit the States to share in the yield from certain taxes and to give various grants-in-aid to them

9. The actual distribution of the principal heads of taxation in force in 1924 was as follows :—

The federation levied and appropriated exclusively the following rates: Tax on capital, capital increment tax, inheritance tax, tax on debentures, company flotations, stock-exchange turn-over, director's fees, bills of exchange and transport, lottery tax, insurance tax, consumption tax on sugar, salt, tobacco, beer, wine, lighting materials, playing cards and acetic acid, import and export taxes, and monopolies. The income-

* Newton's Federal and Unified Constitutions

tax and corporation tax were divided between the Federation and the States in the proportion of 10 per cent. to the former and 90 per cent. to the latter, while the turn-over tax was also divided in the proportion of 80 per cent. to the Federation and 20 per cent. to the States. The States took the whole yield of the tax on landed property and buildings, taxes on carriages and motor cars, betting taxes, bourse tax and stamp duties

10. In 1922-23, the proceeds of the taxes which were divided amounted to almost exactly half of the total revenue The fractions of the divided taxes are not laid down by law, but are liable to variation. The change to the new system encountered considerable opposition from the States, and it was only the serious financial difficulties of the Republic that secured acquiescence. In August 1925, a revision of the arrangements was carried out, as a result of which the States obtain 75 per cent. of the yield of the income and property taxes, and 25 per cent. of that of the turn-over tax A minimum assignment to the States is guaranteed, and if the prescribed fractions of the divided taxes do not yield the minimum, the Federal Government makes up the required amount For the present, the guaranteed minimum is M 2,100 million, which is almost exactly one-third of the Federal tax-revenue

The financial power of the Reich is thus unlimited. The States have only those financial resources which the Reich allows to them and any source of state revenue already existing may be abolished or appropriated by the Reich, subject only to the condition contained in article 8 of the Constitution which reads—

"Should the Reich appropriate to itself any taxes or other revenues, which have hitherto belonged to the States, it shall take into consideration the necessity of ensuring to the States their means of existence"

UNITED STATES OF AMERICA

11. The United States of America furnish another example of the type of federation whose constituent states enjoy a large measure of fiscal and political independence. The provisions of the original constitution which bear upon taxation are briefly as follows*:—

(1) All direct taxes shall be apportioned among the several States according to their respective numbers to be determined in the manner prescribed in the section. (Article 1, Section II.)

(2) The Congress may levy and collect taxes, duties, imposts and excises to pay the debts and to provide for the common defence and general welfare of the United States but all such duties, imposts and excises shall be uniform through-

* Newton's Federal and Unified Constitutions, pages 80—99

out the United States. The Congress also shall have power to regulate commerce with foreign nations and among the several States.

(3) No capitation or other direct tax shall be levied "unless in proportion to the census or enumeration hereinbefore directed to be taken." (Section IX.)

(4) No tax or duty shall be levied on articles exported from any State. (Section IX.)

(5) No preference shall be given by any regulation to commerce and revenue of one State over those of another. (Section IX.)

(6) No State shall, without the consent of the Congress, levy any imposts or duties on imports or exports except what may be absolutely necessary for executing its inspection laws; and the net proceeds of all duties and imposts allowed by any State on imports or exports shall be for the use of the treasury of the United States and all such laws shall be subject to revision and control of the Congress. (Section X.)

(7) "Powers (including of course those of taxation) not delegated to the United States by constitution nor prohibited by it to the States are reserved to the States respectively or to the people."

12 These provisions led in practice to the result that the Federal Government only was in a position to levy taxes on consumption while the States were given the exclusive right of levying direct taxation, using the word "direct" as understood in America. The States could in theory levy indirect taxes or excises but could not in practice do so, since, under the constitution, all the States would have to levy the same duty. Again it was open to the Federal Government to levy an income-tax if that was held to be a direct tax, but it must be apportioned in the manner prescribed and the consequent inequality of taxation between persons with the same income in different States rendered the tax impossible. An Income-tax Act was passed by the Federal Government during the Civil War and the income-tax was then held to be not a direct tax, but when a similar tax was introduced in 1885, the Supreme Court declared it unconstitutional as a direct tax. The distribution of taxation in the United States until about 1913 was briefly as follows:—

(*a*) The Federal Government raised the whole of its revenue from customs duties and internal revenue. The latter head *consisted mainly of excises on articles of consumption, but* it also included succession duties (which, according to American law, are not classed as direct taxes) and certain taxes on transactions.

(*b*) The States relied for their revenue on the general property tax, inheritance duties and taxes on corporations and also

derived a small income from liquor and other licenses and a poll tax. In some States income-taxes were also in force.

The defects of the general property tax and the difficulties in connection with the State income-taxes led to a movement for the imposition of a Federal income-tax. In 1913, the sixteenth amendment of the constitution was adopted, which ran as follows :—

"The Congress shall have power to levy and collect taxes on incomes from whatever source derived without apportionment among the several States and without regard to any census or enumeration."

After the adoption of this amendment, a Federal income-tax was introduced and large sums were raised by it during and after the War. According to the Estimates for 1928, the Federal revenue from different taxes is as follows :—

	Million dollars
Customs	601·8
Internal revenue including excises and succession duties	569 0
Income-tax	2,090 0

Subventions and grants are paid by the Federal Government to the States for specified purposes.

CANADA

13 The form of the Canadian Federation was very definitely influenced by the conditions under which it arose The legislative union of Upper and Lower Canada involved such rivalry between the two sections of the province that a unitary government was impossible, and its replacement by a federal union was seen to be the inevitable solution of the problem of Canadian government. At the same time, the other colonies in British North America were anxious for a form of union which would lead to greater strength. The whole movement was profoundly influenced by the American Civil War which was then proceeding, and threatened, on the one hand, war between the United Kingdom and the United States of America and on the other brought into relief those features of the Constitution of the United States which had led to the struggle. Sir J. A Macdonald, one of he principal advocates of the union, indicated his preference for a legislative union, and although the disinclination of the Colonies to lose their individuality prevented this solution, the form which the British North America Act ultimately took, emphasised the predominant position of the Dominion Government as against the provinces Consequently, the Constitution proceeds on the basis of defining the sphere of the provincial

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Governments and leaving the residuary power to the Dominion Government. So far as this principle affects the division of taxation, the result is as follows .—

Under section 92 of the Constitution, the following among other subjects are assigned to the provinces :—

(1) Direct taxation within the province for provincial purposes,

(2) Public land belonging to the province,

(3) Prisons and hospitals,

(4) Municipal institutions,

(5) Licenses for the purpose of revenue,

(6) Local works, and

(7) Administration of justice (but not criminal procedure).

The central Government may raise money by any mode of taxation, and may tax the same subjects as the provinces, though it does not appear to have done so. The regulation of trade and commerce is reserved exclusively to the federation.

14. At the time of federation, the central Government took the customs and excise duties, while provincial lands and mines were assigned to the Provinces in which they were situated. The Provincial debts were assumed by the Central Government. Provision was made, however, for a yearly subsidy from the central Government, partly on the basis of population These subsidies were revised by the Act of 1907, under which each Provincial Government now receives—

(*a*) a fixed grant according to population, and

(*b*) a grant at the rate of 80 cents. per head of the population up to 7½ millions and at the rate of 60 cents per head of so much of the population as exceeds that number.*

15. Until the Great War, the customs and excise duties constituted the chief source of revenue of the Dominion Government for general purposes. During the War, the Federal Government resorted to direct taxation—a power which it had always possessed but had not hitherto had occasion to use. In 1916, a business profits war tax was imposed, in 1917 an incone-tax and in 1920 a sales tax. The relative financial position of the Federal Government and the Provinces in 1925 was as follows :—

DOMINION GOVERNMENT.

	Million dollars.
Customs	108·0
Excise	38·6
War Tax Revenue (i e , sales, etc , taxes)	147·0
Post Office	28·8
Other sources	29·0
	351·4

* Page 774, The Canadian Year Book for 1926.

ALL PROVINCES.

	Million dollars.
Fees	5 2
Subsidies	13 7
Lands, Mines and Forests	16 7
Succession duties	10 8
Corporations Taxes	26 2
Licenses	27 8
Other items	32 0
TOTAL	132 4*

AUSTRALIA.

16. The Commonwealth of Australia is the second oldest federation in the British Empire and is a type of union very different from that of Canada. In introducing the Commonwealth of Australia Bill in Parliament, Mr. Joseph Chamberlain, after pointing out that the Bill would give the six colonies a common tariff, common communications and a common form of national defence, went on to say that the constitution was modelled on that of the United States of America. The separate colonies had enjoyed for so long such great powers that they were naturally unwilling to part with them to any large extent. The federation created was for distinctly definite and limited objects and State rights had throughout been jealously preserved.

Under sections 106 and 107 of the Constitution, powers enjoyed by States are held to continue unless exclusively vested in the Commonwealth Parliament or withdrawn from the State Parliament by the terms of the Constitution. The only powers affecting taxation which are exclusively vested in the Commonwealth are the powers of levying duties of customs and excise. Under section 51, the Commonwealth is given power to legislate with respect to trade and commerce or to taxation, but so as not to discriminate between States; and to give bounties on production or export under the same proviso This however does not impair the States' power of legislation on these subjects, though under section 109, when a State law is inconsistent with a Commonwealth law, the latter prevails.

17. The distribution of taxes between the Commonwealth and the States was as follows in 1924-25 .—

COMMONWEALTH.	£
Customs	26,405,161
Excise	10,787,620
Land Tax	2,519,711
Estate Duty	1,381,051
Income-Tax	11,136,344
Entertainments Tax	680,586
War Time Profits Tax	74,784
ALL STATES.	
Probate and succession	2,767,987
Other stamp duties	3,688,165
Land Tax	1,300,374
Income Tax	12,014,662
Licenses	842,872
Other Taxation	1,055,977

* Canadian Year Book, 1926.

18. *It will be noticed* (1) *that all the direct taxes were levied both* by the Commonwealth and the States, and (2) that with the possible exception of stamp duties, all indirect taxation was taken by the Commonwealth.

The rates of succession duties and income-tax differed widely in the different States. It would seem that the division of resources, as between the Commonwealth and the States, had not worked out satisfactorily. In 1923 a conference was held between the Commonwealth and State Ministers with the object of terminating the subsidy system and of simplifying the taxation systems. The first proposal was to divide the field of income-tax, the Commonwealth vacating the field of taxation of incomes below £2,000 and discontinuing the payment of subsidies. This was not accepted by the States, who wishes to appropriate the whole of the income-tax. Ultimately, the majority of the States accepted a modified scheme according to which the Commonwealth retained only the right to tax companies up to a maximum limit of 2*s.* 6*d.* in the pound. Pending the introduction of the scheme, it was arranged that the State taxation officers should collect both the State and Federal income-taxes, except where the income is derived from more than one State.

In accordance with this arrangement, by the end of June 1924, a system was inaugurated under which the Commonwealth Central Taxation Office assessed Commonwealth income-tax on all tax-payers whose income was derived from more than one State, while in New South Wales, Victoria, South Australia, Queensland and Tasmania, the State Commissioner of Taxation, who is also Federal Deputy Commissioner, assessed both the Commonwealth and State income-taxes. In Western Australia, the Federal and State Taxation Departments had been amalgamated in 1924.

In 1926-27, a new arrangement for the division of the proceeds of direct taxation between the Commonwealth and the States came into force.

The proceeds of the direct taxes collected by the Commonwealth during 1926-27 were divided as follows between the Federal Government and the States :—

£(000's omitted)

—	Total	Commonwealth.	States.
Land tax	2,311	200	2,111
Income-tax	10,506	6,450	4,056
Estate duty	1,350	50	1,300
Entertainment tax	370	50	320
	14,537	6,750	7,787

The amount of £100,000 allotted in 1926-27 to the Commonwealth from the proceeds of the Estate duty and entertainments tax consisted entirely of arrears of assessment for the previous year. The proceeds of these two taxes were to be handed over to the States from 1926-27.

19. The Australian system of taxation has two special points of interest. The first is that in the sphere of direct taxation no attempt is made to separate the sources of taxation. The proceeds of the income-tax, and land tax are divided between the Commonwealth and the States.

The other feature is the system of subsidies. In the original Constitution, under the "Braddon Clause" (section 87) the subsidies took the form of an allotment to the States of three quarters of the customs and excise duties. This arrangement terminated in 1910-11. It was found that the absence of responsibility on the part of the States for raising the money was unsatisfactory and the arrangement was therefore, replaced by a system of *per capita* subsidies paid out of surplus revenue. But this system too has been found to be defective and one of the reasons for the proposals to divide the field of income-tax between the Commonwealth and the States was the desire to get rid of the contribution system

These *per capita* payments have been abolished as from 30th June 1927 under the States Grant Act passed in that year. It was also agreed that subject to ratification by the Commonwealth and State Parliaments, the Commonwealth should take over all State debts existing on 30th June 1927, pay £7·6 million for 58 years towards interest charges thereon and make substantial contributions towards a sinking fund to extinguish existing debts in 58 years and future debts in 53 years.

South Africa

20. In the latest combined Government under the Crown, the Union of South Africa, the functions of the provinces are more circumscribed than those of the Australian Colonies. These organisations have no parliaments, only provincial Councils, and they pass ordinances, not laws Under the British South Africa Act, 1909, the provincial Councils have the following main legislative powers :—

Direct taxation for provincial purposes.

Education, other than higher education.

Agriculture.

Hospitals.

Municipal institutions.

Local works, other than railways and harbours.

Markets and pounds.

Game preservations.

Up to the year 1913, the provinces had no revenues of their own and their expenditure was met by subsidies from the Union Government. By the Financial Relations Act 10 of 1913, the following sources of revenue were transferred, with powers of legislation, to the provinces; hospital and education fees, totalizator duties, auctions dues, dog, game and profession licenses and liquor licenses Subsequent Financial Relations Acts have transferred, among other matters, the following: libraries and museums, poor relief, shop hours, licensing of vehicles on provincial roads, betting, racing and amusements. The total revenue of all the provinces in 1922-23, excluding subsidies was £3,561,443, while the subsidies amounted to £4,167,266. The revenue of the Union in the same year was £27,234,515.

21. The taxation revenue of the provinces is derived from a number of simple direct taxes Those common to all provinces are :—

Trasfer duty—a tax on sales of real property, liquor licenses, licenses—general and entertainment tax.

Those found in one or other of the provinces are :—

Native pass fees, totalizator tax, auction dues, poll tax, wheel tax and companies tax.

All the main taxes such as customs, excise, income-tax, state and succession taxes, stamp duties, licenses and native taxes and land revenue are levied by the Union.

22. The subsidy system in South Africa appears to have led to *inefficiency in the administration*. The *first settlement, that of 1913*, proceeded on the basis of allotting certain revenues to the provinces and of making a grant equal to one-half of the normal expenditure. A committee, which was appointed in 1922, reported that the payment of subsidies on this basis was unsound, and in particular, had led to an unnecessary increase of expenditure on education, that taxes in the shape of auction dues, poll tax, trade and occupation licenses, company tax and employer's tax were suitable for the provinces, which should also be given complete control of transfer duties, liquor licenses, motor taxes, wheel taxes, totalizator and betting taxes and the immovable property tax. The Committee further recommended that the Union subsidy should take the form of a grant-in-aid for education, fixed according to the number of pupils and that trade and occupation licenses should be uniform throughout the Union.

23. In 1925 an Act was passed to regulate the financial relations between the Union and the constituent Provinces. The principal features of this Act (No. XLVI of 1925) are as follows :—

(1) The subsidies to the Provinces for educational purposes will be fixed according to the number of pupils attending schools *established by the Province* and will be paid on the basis of the educational statistics for the preceding year. The Governor-General has power to make regulations governing

the payment of these grants and the method to be employed in preparing the educational statistics on which the grants are based.

(2) The conditions subject to which loans may be given to the Province or Provinces may be allowed to borrow in the market were laid down.

(3) The revenues from the following taxes, fees, dues and licenses were definitely assigned to the Provinces .—

(a) Hospital fees

(b) Licenses for dogs, motors, etc.

(c) Tax on vehicles

(d) Amusement or Entertainment tax.

(e) Auction duties.

(f) Licensing of totalizators and other taxes on betting.

(g) Taxes on persons other than companies and on the incomes of persons other than companies, subject to certain limits specified in the Act

(h) A tax on companies other than mutual life insurance companies subject to certain limits specified in the Act.

(i) A tax on the ownership of immovable property but not on transfers or sales thereof.

(j) Licenses in respect of the importation for sale within the Province of goods from beyond the borders of the Union.

(k) Receipts of a miscellaneous nature connected with matters entrusted to the Province.

APPENDIX II.

Correspondence with the Provincial Governments regarding Readjustments within the Meston Settlement.

Letter from the Government of India, to all Provincial Governments, F. No. 116 (V) F./26, dated Simla, the 13th August 1926.

Subject.—*Report of the Indian Taxation Enquiry Committee in its relations to the Meston Settlement.*

I am directed to address you on the subject of the distribution of taxes between the Central Government and the Provincial Governments, which has been discussed by the Indian Taxation Enquiry Committee in Chapter XVI of their Report. In paragraph 6 of their Resolution

No. 1412-F., dated the 26th May 1924, announcing the terms of reference to the Committee, the Government of India stated that it would be no part of the duties of the Committee to consider the equity of the Meston Award, and that they should merely indicate the theoretically correct distribution of taxes between Imperial, Provincial and Local. The Committee have traced the principles underlying the systems of federal taxation in other countries and specified the taxes which, in their opinion, should appropriately be allocated to the Imperial or the Provincial Governments, as the case may be, and also those which might be regarded as affording possible balancing factors for establishing financial equilibrium in giving effect to any scheme of redistribution. They consider that *a division of the income-tax is unavoidable*, if the distribution of the taxes is to be fair to industrial and agricultural provinces alike, and that, if equilibrium can be secured by this means alone, it is undesirable to use any other balancing factors. Their final recommendations reduce themselves to :—

(*a*) the transfer of non-judicial stamps, excise duty on country made "foreign" liquor and possibly the revenue now derived from excise opium to the Imperial Government, and

(*b*) the establishment of equilibrium by the transfer to the provinces of a share of the income-tax.

2. The Government of India recognised clearly at the very outset that any reform in the taxation system would inevitably involve at least a partial revision of the Meston Settlement, but it was obviously undesirable to include within the scope of the Committee's enquiry a highly controversial problem the ultimate solution of which, whatever the theoretical merits of any particular scheme, could only rest, in the absence of intervention by higher authority, upon an agreement acceptable to the Government of India and the Provincial Governments. I am now to indicate the provisional views of the Government of India on the subject, which should be regarded as purely tentative and intended merely to facilitate discussion. It is proposed to discuss the matter at the Conference of Financial Representatives to be held in November next, by which time, it is hoped, the Provincial Governments will have come to some more or less definite conclusions.

3. I am to make it quite clear at the very beginning that, in considering the application of any scheme of division of taxes, the Government of India propose to take as their starting point the financial position of the provinces as it will be when all the provincial contributions have been extinguished. No departure from the undertaking, which has been repeated on more than one occasion, to wipe out these contributions as early as possible, is or will be contemplated. Indeed, any other course would lay the Government of India open to the accusation of trying to benefit one province at the expense of another.

4. In seeking a new scheme of distribution, I am to state that the Government of India consider that practical considerations and the

requirements of equity demands the recognition of certain basic factors and principles, which are indicated below :—

(1) The Meston Award should be regarded as the settlement which holds the field so far as its major achievements are concerned.

(2) The changes to be introduced into that Settlement should be kept down to the minimum.

(3) Any sacrifice of revenue involved in a redistribution of taxes must be at the expense of the Central Government and cannot be made until the provincial contributions have ceased.

(4) The distribution of taxes should give the Central Government sufficient freedom to expand its revenues to meet emergencies, such as a great war.

I am also to impress on the Provincial Governments in this connection that it is an essential feature of the reformed constitution that the duty of finding additional resources for the financing of progressive policies rests on the Provincial Governments and their Legislatures, and that, when once the improved settlement now under discussion has come into existence, they will be expected, whenever necessary, to make use of their existing powers of taxation and to develop the possibilities of elasticity contained in them, and, in particular, to find a way out of some of their special difficulties by developing municipal taxation and expenditure.

5. I am now to discuss the specific recommendations of the Indian Taxation Enquiry Committee with reference to the general principles enunciated above The proposal of the Committee that the revenue from excise opium should be transferred to the Imperial Government has already been rejected by the Government of India for reasons which have been explained in Mr. Tottenham's letter C No 43-E. O /26, Finance Department (Central Revenues), dated the 30th June 1926. Similar administrative objections apply to the recommendation of the Committee to transfer the excise duty on country made " foreign " liquor to the Central Government. The Government of India have not yet arrived at a definite decision on the question, but so far as the present reference is concerned, they do not propose to take this recommendation into consideration.

6. The proposal of the Committee, to centralise non-judicial stamps, with which I am next to deal is, in the opinion of the Government of India sound. As the Committee have pointed out, the authors of the Report on Indian Constitutional Reforms intended that the revenue from general stamps should be allocated to the Central Government. It was diverted to the provincial exchequer by the Meston Committee because, to quote the words in paragraph 312 of the Taxation Enquiry Committee's Report, " that Committee found no other means of securing a complete separation of the sources of revenue between the Provincial and the Central Governments which would give an adequate revenue to certain provinces." The Joint Select Committee of the Houses of Parliament which considered the Meston Committee's Report, while

Enclosure to letter No. F.-116 (V) F.-26, dated the 13th August 1926.

Provinces.	Personal S T. income *plus* Personal I. T. income. Estimated average of 3 years (1922-23-24-25).	Assignments in lakhs on a 3 crore basis, *i.e.*, 2 6 pies per rupee.	Assignments in lakhs on a 3½ crore basis (3 03 pies per rupee).
Madras	27,18,58,500	36 84	42 93
Bombay	69,17,78,696	93 72	109 34
Bengal	50,89,78,152	68 97	80 46
United Provinces	15,42,16,890	20 88	24·36
Punjab	16,41,00,900	22·23	25 93
Burma	19,18,45,100	25 98	30 31
Bihar and Orissa	10,22,90,617	13 86	16 17
Central Provinces	8,97,70,550	12 15	14·17
Assam	3,96,46,666	5 37	6 26
TOTAL .	2,21,44,86,061	300 00	350 00

LETTER FROM THE GOVERNMENT OF ASSAM, NO. 6506-F. M., DATE THE 30TH SEPTEMBER 1926.

I am directed to refer to your letter No. 116 (V) F.-26 of 13th August 1926, and to say that the Governor in Council has carefully considered the tentative scheme there put forward for the revision of the Meston Settlement. He observes that while it is intended to place the provinces in approximately the same financial position at the outset as if no change had been made in the Meston Settlement, the actual effect is to sub-
g sources
ble to a
process
growing
usts that
special consideration will be given to the peculiar conditions of this province before any change is made in the existing system.

2. The revenue which Assam derives from non-judicial stamps, is, as will be seen from the figures noted below, growing steadily and fairly rapidly. Part of the increase is due to the increased rates of stamp duty temporarily levied for three years under the Assam Stamp Act, 1922, and continued for a further period of three years by the Assam Stamp Act, 1925; but apart from the effects of those Acts there is a steady and substantial increase which was only checked in 1921-22 by the non-co-operation movement. It is certain that with the development of the

province the rate of increase in this source of revenue will be accelerated, and that the present proceeds from it represent but a small proportion of what the proceeds will be in a few year's time. The province, therefore, stands to lose heavily by the substitution for its revenue from non-judicial stamps of an assignment fixed on the basis of the present receipts.

Net receipts	Stamps, non-judicial
1919-20	4,64,053
1920-21	4,82,498
1921-22	4,11,866
1922-23	5,35,597
1923-24	6,28,134
1924-25	6,91,492
1925-26	8,05,972

3. In part compensation for the loss of this fruitful and promising resource, it is proposed to assign the proceeds of a flat rate of income-tax on personal assessable incomes, which would take the place of the provincial allocation provided for by Devolution Rule 15. By this rearrangement also the Assam Government would stand to lose substantially. As was pointed in paragraph 3 of Mr. Lloyd's letter No. 5530-F. M., dated the 18th July 1925, Assam benefits in a peculiar degree by the present arrangement since the profits of tea companies were first assessed to income-tax after the year 1920-21, but this addition to the provincial resources is only equitable, since the existence of the great tea industry in Assam, necessitates heavy expenditure in almost every branch of the provincial administration. In the absence of reliable figures relating to dividends from tea companies assessed to income-tax outside the province but paid to persons resident within the province, it is not possible to say precisely what the provincial loss would be under the proposed arrangement, but the Governor in Council is assured that it would be considerable and that the estimated figures given in the statement appended to your letter are considerably higher than would actually be reached. The preponderance in Assam of tea companies working on sterling capital renders the proportion of the dividends distributed to residents within the province much smaller than in the case of most other provincial industries, and any empirical calculations relating to this matter based on conditions prevailing in India generally must operate to the detriment of Assam.

4. In paragraph 4 of your letter, the Government of India impress upon Provincial Governments that the duty of finding additional resources for the financing of progressive policies rests upon them and that when the new settlement now under discussion has come into existence, they will be expected, whenever necessary to make use of their existing powers of taxation and [illegible] contained in them. The diffic[illegible] to agree to any such course of ac[illegible] respect of

the exploitation of taxable resources, Assam labours under special difficulties to which I am to invite the attention of the Government of India. The Government of Assam have more than once protested against the continuance of the export duty on tea, not merely on abstract economic grounds, but also because its levy prevents any adequate contribution being taken from the tea industry to meet the cost of the provincial administration, which as already explained is greatly increased by the existence of the industry within the province. Import duties, which are entirely central, constitute another serious burden upon the industry, while under the proposed arrangement, stamp duties will be centralised and the present small share of the income-tax allocated to the local Government will be considerably reduced. In these circumstances one important potential taxable source is deprived of all elasticity which could be exploited for provincial purposes, while elasticity under other heads is not easy to find. A gradual reduction of the Excise revenue seems inevitable, and apart from Forests, the development of which must depend to a large extent on capital expenditure and will be a slow process, Land Revenue will under the proposed arrangement be the only important head of expending revenue left to the local Government. There are however limits to the amount which can be taken from the ordinary cultivator and it would be obviously unfair to make that class pay for the increased cost of the administration due to the existence of a special industry, which is already fully exploited for the purposes of central taxation.

5 For these reasons the Governor in Council views the scheme set forth in your letter with the gravest misgivings. He cannot but feel that the substitution for growing sources of revenue of a fixed assignment which will remain unchanged indefinitely will render it impossible to provide adequately for the needs of the province during its present stage of development; and he trusts that in the course of the discussions which are to take place on this subject, some more equitable solution will be found.

LETTER FROM THE GOVERNMENT OF THE CENTRAL PROVINCES, NO. C.-95/1483-X, DATED THE 3RD OCTOBER 1926.

I am directed to reply to your letter F. No. 116 (V) F/:26, dated the 13th August 1926, on the subject of the distribution of taxes between the Central and Provincial Governments, with special reference to the recommendations made by the Indian Taxation Enquiry Committee in chapter 16 of their report. The scheme tentatively outlined is based on the condition precedent that the present provincial contributions have already been extinguished and it is then proposed that the Head non-judicial stamps should be transferred to Central Revenues and that in its place the provinces should be given the proceeds of a flat rate on the income-tax on personal assessable incomes from all sources; the resulting provincial deficits being made good by means of fixed assignments from the Central Government. The assignments are to remain

unchanged indefinitely and to be so calculated as to place the provinces in approximately the same financial position at the outset as if no change had been made in the Meston Settlement.

2. The Governor in Council, in considering the financial and other effects of these proposals, has for the reasons outlined below experienced considerable difficulty in coming to any definite conclusions. In the statement appended to this letter the revenues derived during each of the last 5 years from these two heads are given. Both are expanding sources of revenue, but owing to changes which have occurred in recent years, both in regard to the methods of assessment in the case of Income-tax and the rates of assessment in the case of both taxes, it is difficult to determine finally under which head there are greater potentialities of growth. The recent reorganisation of the Income-tax department led to an immediate increase in the estimate of assessable income, but in the last two years there has, it will be seen, been an important drop of over Rs. 90 lakhs below the figures of 1923-24. The present net revenue from non-judicial stamps is about Rs 19½ lakhs, and at the present rates the normal annual growth of revenue appears to be about Rs. 50,000. On the other hand, the provincial share of Income-Tax will, according to the flat rate sanctioned by the Government of India, be between Rs 12 and Rs 14 lakhs, and if, despite the present slump, the normal annual increase in personal assessable income be taken at Rs. 27 lakhs (*vide* statement), the normal growth in the provincial share of the revenue under this head will vary from Rs. 35,000 to Rs. 42,000 according to the flat rate sanctioned. So far, therefore, as the figures have value they show that in recent years there has been a great natural growth and expanse in the revenue derived from non-judicial stamps than in that from personal Income-tax

3. It is also probable that, in a province situated like the Central Provinces with its predominant agricultural interests these conditions may continue to prevail almost indefinitely. Business, commerce and industries have only a subordinate importance and the sources of Income-tax are therefore limited, while the profits from stamps come alike from transactions connected with land, as well as from other business. In addition, the chief industries of the provinces, its coal and manganese mines and its cotton mills, are all largely in the hands of companies, the shareholders of which are mainly not resident within the province. The Governor in Council, therefore, inclines to the view that the province is not likely to profit financially by the proposals now outlined, as if the present ratio growth of the two taxes continued, the methods proposed in paragraph 9 (3) of your letter under reply for adjusting the resulting provincial deficits will operate increasingly to the financial disadvantage of the province.

4 The local Government will also have no control over the alterations of assessment in regard to both taxes, a factor which would directly affect the rate of expansion. At the same time it will render itself dependent on a tax which is universally unpopular and the enhancement of which will always be resisted, as against a tax which is only indirectly

felt by the whole community and which, as the recent Stamp Amendment Act, no longer in force, has shown, is capable of considerable enhancement should local circumstances require that this be done.

5. Whatever therefore may be the theoretical advantages of the scheme proposed, there are practical objections which have considerable weight, and in so far as the purely local interests of the province are concerned, the Governor in Council inclines to the view that the maintenance of the existing settlement *minus* the provincial contribution, would be more advantageous to it than the scheme proposed. In any case before he commits himself in regard to the present proposals of the Government of India, he desires to have some idea of what the intention of the Government of India is in regard to the proposals of the Taxation Committee in respect of the future rates of assessment of these two taxes.

STATEMENT.

I. Statement showing the gross and net revenue from non-judicial stamps realised during the years 1921-22 to 1925-26.

(The figures are in thousands.)

Year.	Total revenue.	Total expenditure.	Net revenue.	Increase or decrease of revenue as compared with the previous year.
	Rs.	Rs.	Rs.	Rs.
1921-22	17,23	1,09	16,14	..
1922-23	19,28	1,14	18,14	+2,00
1923-24*	22,70	1,80	20,90	+2,76
1924-25	24,28	1,32	22,96	+2,06
1925-26	24,16	1,58	22,58	—0,38
1926-27†	21,09	1,83	19,26	—3,34

* Year during which the enhanced rates prescribed by the C. P. Stamp Amendments Act were in force.

† Budget figures.

If the net revenues of the years 1921-22 and the budgetted net revenues of 1926-27 be compared, during which years the same rates were in force, there is an increase of Rs. 3·12 over 6 years, or an annual growth of Rs. 0·52.

II. Statement showing the assessed personal income on which income-tax revenue is calculated for the years 1921-22 to 1925-26.

Year.	Amount of Assessed Income.	Increase or decrease on the figures of the previous year.
	Rs	Rs.
1921-22	6,19,76	..
1922-23	7,23,01	+1,03,25
1923-24	8,47,76	+1,24,75
1924-25	7,77,19	—71,57
1925-26	7,56,91	—19,28

If the assessable income of 1921-22 be compared with that of 1925-26, there is an increase of Rs. 1 37·15 over 5 years or an annual growth of Rs 27 43. This would yield to the Province from Rs. 35 000 to Rs. 42,000 increase according as the Flat Rate selected is 2½ or 3 pies.

LETTER FROM THE GOVERNMENT OF MADRAS, NO. 24262-ACCTS.-1, DATED THE 2ND OCTOBER 1926.

Report of the Indian Taxation Enquiry Committee in its relations to the Meston Settlement—Ref. Letter from the Government of India, Finance Department, F. No. 116 (V) F./26, dated 13th August 1926.

In reply to the letter from the Government of India referred to above, I am directed to state that, if the Madras Government understand them aright, the proposals of the Government of India accept the position which this Government have always maintained, namely, that no question of revision of what is known as the Meston Settlement can arise until this Government are secured in all their revenues under that scheme, that is to say, those revenues of which they would be possessed, if and when the provincial contributions have been extinguished. They entirely concur that, once that has been effected, the proposal of the Indian Taxation Enquiry Committee to centralise non-judicial stamps is sound.

2. As regards the arrangement under which Provincial Governments are to be compensated for the loss of provincial revenue to which this reform will give rise, I am to say that the tentative conclusion of this Government is that the proposals of the Government of India are probably as equitable as could be devised. I am to add, however, that, in their opinion, the flat rate should be so adjusted that, at the outset, no province shall receive more than approximately the amount of revenue

actually lost by the transfer of general stamps. It seems clear that, if the flat rate were pitched sufficiently high, some provinces might receive under this head alone considerably more than the revenue thus lost.

3. The Madras Government recognize that these proposals substitute for general stamps a source of revenue which may prove much more progressive in some provinces than in others, as a percentage increase in the sum total of the personal assessable income in one province will give a much larger additional revenue than a similar percentage increase in another. That result, however, seems to them to be equitable, and they trust that the proposals of the Government of India will result in an adjustment of the financial settlement which will not only meet the position of this Government but prove acceptable to other provinces, which have attached much greater importance to the right of sharing in the proceeds of the income-tax.

LETTER FROM THE GOVERNMENT OF THE UNITED PROVINCES, NO. B.-848, DATED THE 7TH OCTOBER 1926.

I am directed to invite a reference to Mr. Jukes' letter No. 116 (V) F./26, dated August 13, 1926, which deals with the recommendations of the Indian Taxation Inquiry Committee on the subject of the distribution of taxes between the Central and Provincial Governments. In this letter, the Government of India ask for the opinion of the Local Government on the proposals —

(a) to transfer non-judicial stamps to the Central Government; and

(b) to reimburse provincial revenues by means of the proceeds of a flat rate of income-tax on personal incomes from all sources, with a fixed and permanent assignment in adjustment of any deficit.

2. As regards the first proposal, the Governor in Council has no observation to make save that he agrees entirely with the arguments by which the Taxation Inquiry Committee support the suggestion to retransfer general stamp revenue from the provincial to the central exchequer.

3. The Governor in Council, however, is not satisfied that the second proposal, which he has carefully considered, is equally acceptable, and offers for the consideration of the Government of India the following criticisms.

4. (a) The Government of India, in paragraph 7 of Mr. Jukes' letter, recognize "that in order to give additional elasticity to provincial revenues, it is desirable to give the province a share of the income-tax." This share of income-tax will be based on the assessable income, and the revenue derived therefrom will expand as that income expands. In other words the provincial share of the income-tax revenue will be capable of natural growth. But the revenue derived from general stamps

is also capable of natural growth, as the actual receipts of recent years prove. If the exchange of one source of revenue for the other, is to be fair, then clearly the province should receive a sufficient share of income-tax revenue to produce the entire sum which it now receives from the general stamp duties; and the proposal to substitute a fixed assignment for a part of that revenue will not satisfy that condition, because it has the effect of depriving the province of a part of that natural growth of revenue generally by which it at present benefits And this loss will be appreciable The revenue derived from general stamps at present is approximately 38 lakhs, a flat rate of 3 03 pies per rupee would produce a little over 24 lakhs, so that the fixed assignment on this basis would be 12 lakhs. One-third of the new source of revenue would, therefore, be entirely incapable of natural growth.

5 (*b*) Though the revenue derived from general stamps is on the whole progressive, and has actually increased at the average rate of a lakh per annum during recent years, yet in the same period not only has the income assessed to income-tax declined but the number of assessees has fallen. The Governor in Council suggests indeed that for the reasons noted below the growth of income and consequently of income-tax revenue, will always lag behind the growth of income-tax revenue derived from general stamps

(1) The causes which produce variations in these two types of tax are much the same; the revenues from both tends to increase in prosperous times and to decrease in times of depression. But in the case of general stamp revenue, the variations due to these causes are less marked than in the case of income-tax revenue. General stamp duties for the most part relate to transactions involving, directly or indirectly, some transfer of property. In prosperous times, the number of these transactions increases because there is more property coming into the market in the course of trade or commerce. But in times of depression, though the amount of money seeking investment in property decreases, yet the number of transfers does not necessarily decrease proportionately, since credit operations of all kinds are required to tide over the period of depression

(2) Moreover in so far as the growth of income-tax revenue and the growth of general stamp revenue are due solely to increased prosperity, the former growth will always, for two reasons,—one natural and one artificial—be slower than the latter. The natural reason is that the increased number of transfers of property which causes the growth of revenue from general stamps, must have time before they can produce their natural effect in the growth of income, and consequently of income-tax revenue The artificial cause is that income-tax is always assessed on the income of the preceding year. The Governor in Council suggests that, as a general

rule, a prosperous trade year would produce an increase in the revenue from general stamps in that year, but would not increase the income-tax revenue till the next year, or the next year but one.

6. This tendency of income-tax revenue to lag behind general stamp revenue is of special importance in the circumstances of the province. The province already benefits by a steady growth in its general stamp duties. If it is to give up that revenue and receive in lieu a share of its income-tax revenue, it will not obtain an equal benefit immediately though it may do so in course of time. But in the present financial position of the province, it is the present that matters; the future, bringing with it further remissions of the contribution, will not be so difficult from the financial point of view.

7. (c) As has been mentioned above, the normal annual growth of general stamp revenue averages a lakh of rupees. To obtain the same result from the share of income-tax (even if the average rate was fixed sufficiently high to dispense with the need for any adjusting assignment), the growth of assessable income would have to be 62 lakhs per annum. Judging from past results, the Governor in Council has little hope that such an increase will occur in the near future.

8. (d) The Government of India suggest that the share of income-tax which they propose to give to the province in lieu of general stamp revenue will give additional elasticity to the provincial revenues. The term "elasticity" as applied to taxation usually connotes that its proceeds can be artificially expanded or contracted by varying the rate of taxation. That is true of the existing revenue from general stamps; but it will not be true of the proposed share of income-tax, since presumably the Government of India will retain the right to vary the rates of income-tax. In the opinion of the Governor in Council, therefore, the proposal, so far from increasing, will actually decrease the elasticity of provincial revenues.

9. The Governor in Council, therefore, considers that the proposed change will prove disadvantageous to the province and, unless some means can be devised to avoid the consequent loss, he is not at present prepared to support it.

LETTER FROM THE GOVERNMENT OF BENGAL, No. 1453-T.—F. B., DATED DARJEELING, THE 2ND OCTOBER 1926.

[*Report of the Indian Taxation Enquiry Committee in its relation to the Meston Settlement.*]

I am directed to refer to your letter No. F. 116 (V) F.-26, dated the 13th August 1926, on the above subject, in which the Government of India, acting on the recommendations of the Indian Taxation Enquiry Committee as to the theoretically correct distribution of the proceeds

of taxation as between Imperial and Provincial, and in particular on the specific recommendation that a division of the income-tax is unavoidable if the distribution of the taxes is to be fair to industrial and agricultural provinces, propose a modification of the Meston Settlement.

2. *In limine* I am to say that the Governor in Council welcomes this fresh opportunity of being able to urge his contentions against the injustice to Bengal of the Meston Settlement and the necessity for a thorough revision. In paragraph 17 of letter No. 720-F, dated the 19th January 1925, from this Government, which contained a representation for a continuation of the remission of the provincial contribution, His Excellency in Council observed that this remission could do no more than merely postpone the general revision of the whole Meston Settlement in at least so far as this Government was concerned. It is true that in their present letter the Government of India propose a revision, but on the face of it it would appear that the revision which they contemplate is merely of an internal character, and would by no means be a solution of the difficulties of this province. It will be shown later how the proposed solution is not to the benefit of Bengal but the reverse, even so far as it goes, but the Governor in Council is compelled to dissent from the general basic principles which the Government of India put forward in paragraph 4 of their letter under reply as a precedent to the consideration of the solution they tentatively suggest, and he must record his emphatic protest against them. In formulating these principles the Government of India state that in considering the application of any division of taxes they propose to take as their starting point the financial position of the provinces as it will be when all the provincial contributions have been extinguished, and that it is a basic factor and principle that the Meston Settlement should be regarded as the settlement which holds the field as far as its major achievements are concerned, and that the changes to be introduced into that settlement should be kept down to the minimum. Their intention seems to be that the settlement, as eventually determined, should be made so as to leave the provinces with revenues in amount as determined by the results of the Meston Settlement, without the liability for any contribution to the Central Government. This Government have, however, always maintained, even apart from the remission which has been secured, that injustice has been done to Bengal and that that injustice will remain even when all the provincial contributions have been extinguished. As compared with other provinces, Bengal may have secured some advantage by the temporary remission of its contribution, but that advantage will disappear and the province will be in a worse position when all the contributions have ceased.

3. The Government of Bengal have throughout the long correspondence on the subject of this settlement asserted, firstly, that the award was based on an abnormally low figure for expenditure and not on a reasonable estimate (if indeed the expenditure was at all taken into account), secondly, that it did not provide a working surplus—an obligation recognised by the Meston award—and, thirdly, that it did not

give Bengal an expanding revenue to cope with the growing needs of the province. The prognostications of this Government as regards the first and second points were completely justified, for the immediate effect of the award was a very considerable deficit as was indeed admitted by the Government of India. This Government had to impose additional taxation, resort to drastic measures of retrenchment and to ask for the remission of the provincial contribution. The finances of the province are somewhat better, but even now there is no working surplus and there is not a sufficiently expanding revenue. The local Government, thanks to additional taxation and the remission of the provincial contribution, is solvent, but they can do nothing of value to cope with the growing needs of the province.

4. The main contention of this Government is whatever may be the manner in which the proceeds of taxation be allotted for the needs of Bengal, that allocation will never be satisfactory unless and until the total proceeds bear a sufficient approximation to the expenditure of the province. By the Meston Settlement Bengal was placed in a position of very considerable deficit—the expenditure far exceeded the revenue— with the remission of the provincial contribution that deficit was reduced but by no means wiped out. It seems scarcely necessary again to enlarge on the facts, they have been so often pressed on the Central Government and are well known to the Government of India. *The financial plight of Bengal has been admitted, and it has been recognised* by the temporary remission of its contribution The remarks of Sir Malcolm Hailey, quoted in paragraph 5 of this Government letter No. 720-F. of the 19th January 1925, may be here repeated :—

> "We have examined the case both narrowly and critically and it appears certain that with every economy Bengal must have a deficit of not less than Rs. 120 lakhs, even if we make no allowance for any extra expenditure on improvements in transferred subjects, such as are desired by Ministers—improvements which we are told are necessary if the system of Reforms is to be a success. Bengal would have that deficit even if it provided only the bare minimum expenditure required to carry on the ordinary administration of the province.

5. The temporary remission of the contribution has been of some assistance to the local Government, but the Governor in Council desires to repeat that the Government of Bengal accepted this under protest as a mere palliative, and that he cannot accept it as a final solution of the question. The complaint of the Government of Bengal has always been that sufficient regard was not had to the expenditure of the province. The Meston Settlement did not give sufficient regard to the fact, that, when the financial changes consequent on the Reforms were under consideration, Bengal was working merely on a provisional settlement. That provisional settlement had been made in 1912 for a period of three years only and its revision had to be postponed owing to considerations

arising out of the war, and had not been effected when the Reforms came under consideration. Had that revision been effected, there cannot be the slightest doubt—and this is supported by the investigations made preparatory to the appointment of the Meston Committee and subsequently on the representations of this Government against the Meston award—that an inevitable increase must have been made in the revenues of the province in order to meet its expenditure. An inevitable consequence of this would have been therefore that the increased spending power of Bengal under the new distribution of revenues recommended by the Meston Committee, as found by that committee would have very largely disappeared and the premises on which the Meston Committee based its recommendations would have been materially altered The local Government must therefore press again for a thorough revision of the whole settlement.

6. Adverting however to the proposals which the Government of India put forward for the transfer of the revenue from non-judicial stamps from the Provincial Governments to the Central Government, and its replacement in the revenues of the Provincial Governments by a share of the receipts from income-tax and a fixed assignment to make up for the resulting provincial deficit, there is undoubted force in the arguments that have been put forward on various occasions, reiterated recently by the Taxation Enquiry Committee, that non-judicial stamps should be a central source of revenue. It is recognised that their allocation to provincial revenues was primarily based on the fact that by no other means then found feasible was it possible, following the underlying principle that there should be complete separation of sources of revenue between the Central and Provincial Governments, to secure to certain provinces adequate revenues. This Government need therefore not object, provided it is assured of another source (or sources) of revenue, at least equally satisfactory and equally capable of the same financial possibilities.

7. In the opinion, however, of the Governor in Council the proposals of the Government of India—a share in the income-tax *plus* a fixed assignment—entirely fail to meet this condition; and he is compelled, therefore, to say that he is unable to accept them as a satisfactory arrangement. In paragraph 7 of their letter under reply the Government of India remark—"The Government of India recognise that in order to give additional elasticity to provincial revenues it is desirable to give the provinces a share of the income tax." The Government of Bengal find it, however, impossible to understand how the proposals of the Government of India will make for additional elasticity. The proposal is to replace non-judicial stamps, an elastic source of revenue, by an elastic source of revenue, income-tax, producing a fractional part (in Bengal, on the higher estimate, only two-thirds) of the revenue derived from non-judicial stamps with the deficit made up by a fixed assignment. The Government of Bengal have not access to the figures on which the share of the receipts to be given to the local Government has been based, but those figures which they have do not exhibit that capacity for

expansion which is possessed by non-judicial stamp revenue. It is therefore not clear to what extent that source of revenue—income-tax—is at present elastic. However that may be, elasticity is in part to be replaced by *inelasticity*; *it is diminished instead of being added to*, and Bengal undoubtedly would lose rather than benefit from the proposal.

8. The facts relative to the non-judicial stamp revenue in Bengal make this abundantly clear. The normal standard taken at the time of the fixation of the present settlement was Rs. 84,60,000. In order to clear its recurring deficit and secure equilibrium in its finances, but solely as a temporary measure for this purpose, the local Government with the assent of the Legislative Council increased the rates of non-judicial stamps and secured a very considerable enhancement of its revenues. The full effect of this measure has not yet been obtained, but nevertheless in the past year the revenue from this source amounted to Rs. 1,30,59,000. The Governor in Council must, and the Legislative Council in particular would, object most strongly to the replacement of this source of revenue which has shown itself so capable of expansion by a new arrangement, which would be in part a fixed assignment and for the remainder a source producing a lesser revenue and with no greater comparative power of expansion. That objection has all the more force inasmuch as the increased taxation, although temporarily meant to produce equilibrium, was eventually intended for development in the more popular side of the administration. It follows that the local Government cannot agree to any proposal for a change in the present allocation of revenue unless that change produces equal, if not greater, elasticity in the sources of revenue made available to the province. The local legislature would equally strongly object to a measure which would place at the disposal of the Central Government the increased revenue, which by their own legislation they have secured with the intention of carrying out the development of their own province, for what on the face of it is a less elastic source of revenue. If no other solution can be devised the Governor in Council considers that the existing arrangement by which non-judicial stamps are retained by the province may well be allowed to continue Although there are difficulties in dealing with that source of revenue, as it relates to subjects administered by the Government of India, these difficulties have been got over in the past and there has been no particular inconvenience.

9. The Governor in Council, however, recognises that it is but fair that the provinces, particularly industrial provinces, should have a share in the income-tax. This is all the more necessary in Bengal which differs from all the other provinces of India, except Bihar and Orissa, in that its Land Revenue is based on a permanent settlement, is particularly inelastic in nature, and on the basis of population compares very unfavourably with other provinces. It has indeed already been admitted that the provinces should have a share of the profits on industrial and commercial undertakings, but by the Meston Award the Government of Bengal have been deprived of such profits by the Government of India retaining the income-tax while leaving it to the Government of Bengal

to maintain entirely the administration, at a great expense, of a city which has grown to the size and importance of the City of Calcutta by reason of its large industrial and commercial undertakings.

10. While, however, the Governor in Council would agree with the proposal that in any modification of the present settlement the provincial Governments should have a share of the income-tax, he is not satisfied, even apart from the conclusions set out above, that the proposals put forward in paragraph 7 of the Government of India letter constitute the best method of giving effect to this intention. With the suggestion of a flat rate he agrees · it is the simplest method, it gives a feeling of some elasticity, it provides for expansion and it is an encouragement to a local Government to develop its industries. The difficulty which the Governor in Council sees has reference to the basis of assessment. The proposal is to give the proceeds of a flat rate on personal assessable incomes from all sources of assessees resident within the province. The idea underlying this is that the income tax is primarily a personal tax and that the provinces cannot equitably claim anything in the shape of a tax from persons not resident in their jurisdiction. It is not clear, however, whether in referring to personal assessable incomes and a flat rate thereon, the Government of India propose to impose this flat rate also on personal incomes assessed to the super tax—although from the statement appended to their letter personal super tax incomes are included. The Taxation Enquiry Committee, while [illegible]
the o[illegible]
Gover[illegible]
am, therefore, to request that their intensions in this respect may be expressed more clearly and that the expression "personal assessable income" may be defined.

11. Nor do the Government of India make any reference to the further recommendation of the Taxation Enquiry Committee that in addition to the allotment made on personal incomes, the allocation of which is based entirely on domicile, there should be partial recognition of the principle of origin by assigning to each province a small portion of the receipts of the corporation profits tax, by which term they designate the tax on the profits of companies now known as the super tax, and in respect of which they have made certain suggestions including the renewal of the present exemption limit. The Governor in Council maintains that it is in the income of companies and undertakings of this kind that the commercial prosperity of a province is reflected and that the considerations, which justify the allocation to an industrial province of at least a share in the income-tax from persons, are of no less weight in the case of the tax derived from companies. The test of domicile may be of greater weight and value than that of origin; nevertheless the distinction may well be obliterated when the provinces are to receive only a share of the receipts from income-tax. The Governor in Council urges therefore that instead of resorting to the complication

of personal assessable incomes and corporation profits, the solution lies in a flat rate based on the total of all assessable incomes.

12. In paragraph 8 of their letter the Government of India explain how the difference between the flat rate on the income-tax and the revenue from non-judicial stamps is to be made up. In their opinion, the only solution which can give satisfactory results is to make up deficiencies by means of a method of fixed assignment to each province from the central revenues. As has been shown, the result would not be satisfactory—the provinces would largely lose the possibility of expanding revenue which they might obtain if they retained non-judicial stamps. Part of an elastic source of revenue would be exchanged for an inelastic assignment. Their further suggestion for the merging of existing annual assignments in the final figure merely, in the opinion of the Governor in Council, adds to the unsatisfactory nature of the arrangement. Taking one instance, the Government of Bengal receive an assignment now of Rs. 11,30,000 on account of unified stamps, with a possibility of an increase after the term of five years for which the settlement of this assignment is made. The Government of Bengal will lose any such increase by the merging of this assignment in the proposed fixed assignment. The Governor in Council must, therefore, strongly object to the proposal for a fixed assignment, if it is intended to cover a deficiency caused by a change in the allocation of revenues which has the effect of depriving this province of revenues capable and possible of expansion and increase.

13. The proposals which the Government of India put forward in a tentative fashion do not, therefore, commend themselves to this Government; and His Excellency in Council is compelled to reiterate the statement that the Government of Bengal cannot be satisfied unless at any rate they are secured sources of revenue no less elastic than the present and providing sufficient expansion to meet at least the ordinary growth of expenditure.

14. In this connection I am to bring to the notice of the Government of India the fact that it has been pressed upon the local Government from time to time that Bengal should be given a share of the export duty on jute. The Governor in Council has generally met this contention by holding out that whilst he cannot remain satisfied with the Meston Settlement, he would leave it to the Imperial Government in the first instance to consider by what means a revision can satisfactorily be made. It is observed, however, that the Taxation Enquiry Committee have included export duties in the list of possible balancing factors in connection with the distribution between Imperial and Provincial; and His Excellency in Council, therefore, urges that in a revision of the settlement part at any rate of the proceeds of this duty may be credited to this province. The share of the exports of jute belonging to Bengal would amount to approximately 90 per cent. of the total export; and a share of the export duty on this article can, therefore, fitly be credited to Bengal without causing any complications in the settlement *vis-à-vis* other provinces.

LETTER FROM THE GOVERNMENT OF THE PUNJAB, No. 29613-B., DATED THE 11TH OCTOBER 1926.

I am directed to reply to your letter F. No. 116 (V) F./26, dated the 13th August, 1926, regarding the report of the Indian Taxation Enquiry Committee in its relations to the Meston Settlement. I am to communicate the provisional views of the Governor in Council and to explain that they are intended to facilitate discussion and are not to be regarded as committing this Government to any decision.

2. In regard to the basic factors and principles enunciated in paragraph 4 of your letter, I am to say that the Governor in Council accepts them on the understanding that they do not refer to any changes that may be made in the Meston Settlement as a result of the enquiry of the Statutory Commission to be appointed under section 84-A of the Government of India Act. He assumes that this is the intention of the Government of India.

3 In regard to the financial aspect of the specific proposals contained in your letter, I am, in the first place, to observe that the receipts from non-judicial stamps in this province include certain fees and taxes imposed other than under the Stamp Act, which are collected in the form of non-judicial stamps for administrative convenience. It is assumed that your proposals do not extend to fees of this kind, but are confined to receipts from non-judicial stamps collected as duty imposed under the provisions of the India Stamp Act of 1899 and the connected provincial amendment Acts. On this assumption, the change proposed involves (*a*) the surrender by provincial Governments of the power to increase or reduce the rates of stamp duty on certain transactions, which they now exercise with the sanction of the Governor-General, (*b*) the surrender by provincial Governments to the Central Government of receipts from non-judicial stamps, and (*c*) the grant by the Central Government of compensation equivalent to the receipts of non-judicial stamps as calculated at the time of surrender, the compensation consisting of —

(i) the proceeds of a flat rate of income-tax, and

(ii) a fixed cash assignment representing the difference between the amount surrendered and the initial proceeds of the flat rate of income-tax.

I am to say that the Governor in Council considers that, purely on financial grounds, the proposals are open to two objections: In the first place, they deprive provincial Governments of valuable means of raising new taxation or of giving relief in existing taxation, and they thus curtail the flexibility of provincial finance. In the second place, they involve the partial substitution of a source of revenue which contains the element of natural increase by a fixed assignment, and they are, therefore, unfavourable to those provinces in which the natural increase in the initial proceeds of the flat rate of income-tax will not suffice to cover the natural increase in the revenue from non-judicial

stamps. In this province, it is estimated that the natural increase in receipts from income-tax and in receipts from non-judicial stamps is at the same rate, which may, for the purpose of illustration, be assumed to be 5 per cent. per annum. The present receipts from non-judicial stamps are on the average about 40 lakhs per annum, while the proceeds from flat of 3 03 pies per rupee of income assessed to income-tax would be 26 lakhs. On this basis, the fixed cash assignment made by the Government of India would be 14 lakhs, and the Punjab Government would lose by the transaction the equivalent of compound interest on this sum at 5 per cent per annum.

4. I am, however, to state that the Governor in Council is opposed to the proposed changes less on account of considerations of financial gain or loss to individual provinces, than because they offend against general principles to which he attaches importance. He considers it to be essential to the development of self-Government that the distribution of resources and powers between the Central and Provincial Governments should be such as to give to the latter sufficient powers in regard to the enhancement and reduction of taxation as will enable them to hold the balance fairly between different classes of the community. In his view it is not sufficient that local Governments should enjoy a share of the proceeds of taxation imposed by the Government of India on the industrial and commercial classes; local Governments must have the power to determine within reasonable limits the burden of taxation that these classes shall bear. The necessity of this power is especially felt in provinces such as the Punjab, where agricultural interests predominate and where political developments are in the direction of the creation of rural and urban parties, which in many matters tend to follow communal sympathies. The recent fiscal policy of the province has, to a considerable extent, been determined by the necessity of reconciling the conflicting interests of these two parties; and the fact that it has been possible to make substantial increases in the revenues of the province without serious opposition is largely due to the exercise by Government of its powers of taxation in such a way as to distribute the additional burden over all classes. The rural classes submitted less unwillingly to an increase in the canal rates because simultaneous measures were taken to enhance the stamp duty on transactions that primarily affected the urban population. In the same way it is now possible [illegible] ition as to benefit all classes. The Gover- [illegible] prehension a state of affairs in which it [illegible] Government either to tax or to relieve the section of the urban community which is composed of the industrial and commercial classes, but such a position would be created if the change now proposed were accepted. He is confident that the change would be viewed by the majority of members of the Punjab Legislative Council with disapproval, that it would embarrass Government in its fiscal policy, and that it would accentuate class and communal bitterness by a serious curtailment of the present powers of the local Government to reconcile divergent interests.

5. I am to say that the Governor in Council would attach less importance to the considerations mentioned in the last paragraph were it possible, as the Government of India suggest, to find a way out of provincial difficulties by the development of local taxation I am to explain that, as the local Government has not the legal power to compel local bodies to impose additional taxation, it cannot redress inequalities in provincial taxation as between different sections of the community by enforcing what it considers to be suitable standard of local taxation. It is no doubt possible in theory to secure the desired result by differentiation between various local bodies in the amount of financial assistance given by Government; but, while indirect pressure of this kind may be and is now used to induce a particular municipal committee or district board to raise a specific tax to the general pitch, it cannot be used as between urban and rural bodies without aggravating the class and communal feeling which it is the policy of Government to mitigate

In connection with the general question of local taxation I am to observe that the reformed constitution, which has, in effect, transferred the administration of beneficient departments on behalf of Government to ministers and their supporters in the Council, necessarily encourages a progressive increase in expenditure from provincial sources on those activities *e.g*, Education, Medical and Veterinary relief and communications, which may be regarded as a joint charge on provincial revenues and local funds. The total expenditure on these services tends steadily to increase while the proportion of the total provided by local bodies tends steadily to fall. In the opinion of the Governor in Council this tendency will persist since, apart from the natural desire of the Legislative Council to provide liberally for the beneficient departments, it is now generally recognised that it is only by means of a large measure of provincial finance and provincial control that it is possible, firstly, to avoid serious deterioration in efficiency, and, secondly, to secure a uniform standard of development throughout the province.

While, therefore, the Governor in Council accepts the desirability of the expansion of local resources, he considers that their development at the expense of provincial revenues would be inimical to progress, and that practical difficulties will so restrict their independent development as to afford little relief to provincial responsibilities.

6. In conclusion, I am to say that the Governor in Council considers that any change that may be made in the scheme of distribution of resources should satisfy two essential conditions; firstly, that it should not curtail but should, if possible, extend the existing powers of provincial Governments to tax urban interests; and secondly, it should not involve the substitution of a fixed assignment for a source of revenue which contains the element of natural growth. Subject to the above conditions, the Governor in Council will be glad to consider any scheme which will have the additional advantage of removing from the sphere of provincial taxation matters which are to some extent of all-India concern.

LETTER FROM THE GOVERNMENT OF BIHAR AND ORISSA, No. 3585-F. R., DATED THE 27TH OCTOBER 1926.

In reply to Mr. Jukes' letter No. F. 116 (V) F.—26, dated the 13th August 1926, I am directed to say that on the general administrative ground that the rates of duty imposed by means of non-judicial stamps should be uniform throughout India, the Governor in Council is prepared to accept the recommendation of the Indian Taxation Enquiry Committee that the administration of non-judicial stamps and the revenue derived from them should be transferred from the provinces to the Central Government.

2. In exchange for the revenue that will be lost to the provinces if effect is given to this proposal, the Government of India propose to apportion to them :—

(a) the proceeds of a flat rate on personal incomes assessable under the Income Tax Act, and

(b) a fixed assignment equal to the difference between the proceeds of the flat rate and the revenue from non-judicial stamps which will be diverted to the Central Government.

His Excellency in Council is prepared to accept the proposition that the loss to provincial revenues on account of the transfer of the revenue from non-judicial stamps should be made good by the assignment of a further share of income-tax, but he considers that the method of making the adjustment outlined by the Government of India in the letter under reply is open in several respects to doubt and objection.

3. In the first place the local Government are unable to discover how the figure of Rs. 10,22,90,017 shown in the enclosure to the letter as the estimated average of the personal I. T. income *plus* the personal I. T. income in Bihar and Orissa for the 3 years 1922-23, 1923-24 and 1924-25 has been arrived at. The corresponding figure supplied by the provincial Commissioner of Income-tax is only Rs. 8,53,06,667. The Government of India state in paragraph 9 of their letter that it is their intention that the flat rate should be so fixed as to reduce the fixed assignments to as low a figure as possible. The revenue from non-judicial stamps in Bihar and Orissa may be taken as roughly Rs. 20 lakhs a year. If either of the rates given in the enclosure to the letter is adopted, the fixed assignment necessary to make up the deficiency will be considerable. If either of those rates is applied to a total of assessed incomes amounting to only just over Rs. 8½ crores, the deficiency to be made good by the fixed assignment will be larger still. The local Government would therefore press that, if the system of 'expansible' *plus* fixed assignment is to be adopted, the 'expansible' assignment should be so calculated—if necessary at a separate rate for each province—as to reduce the fixed assignment to the lowest possible limits.

4. The local Government understand that the average of the 3 years 1922-23, 1923-24 and 1924-25 is given in the enclosure to the letter under reply solely by way of illustration, and that it is the intention that the

'expansible' assignment should be recalculated every year on the assessed incomes of the last year but two. But the rate of the 'expansible' assignment is apparently to be fixed at least for a term of years and the amount of the fixed assignment is to be determined once and for all. It therefore makes a considerable difference which year or series of years is taken as the basis of these calculations, and it is essential that the period taken should be a normal one.

5. The Government of India propose to give the 'expansible' assignment in the form of a flat rate on the total of incomes assessed to income-tax *plus* those assessed to super-tax, so as to allow for the varying distribution of tax-payers in the different grades in the different provinces. They prefer this system to the graduated rate proposed by the Committee on the ground that in the latter case difficulties would arise in the event of a decision to alter the rates or to adopt a new system of graduation. The local Government are not clear how the graduated rate proposed by the Committee would operate, but they consider that the expressed intention of the Government of India of giving additional elasticity to provincial revenues would be more effectively attained by the assignment of an extra share of the tax collected than by the suggested flat rate No administrative difficulty would be involved in the system, and the local Government would derive some benefit from an increase of rates or from a relative increase in the number of tax-payers in the higher grades, of which the flat rate on assessed incomes would deprive them.

6 I am also to draw attention to the fact that if personal incomes only are taken as the basis of the calculation to the exclusion of the incomes of companies, the Government of Bihar and Orissa will be prejudicially affected in comparison with other provinces. As the Government of India are aware, there are a number of joint stock companies engaged in exploiting the natural resources of this province on a large scale, which are registered, and the majority of the shareholders of which reside, outside the province If the local Government are given no share in the revenue derived from the assessment of these companies they will be deprived of what the natural resources of the province and the progress in well-being of its inhabitants would reasonably entitle them to expect.

7. The conclusion of the local Government on the proposal of the Government of India, is, therefore, that they have no general objection to the transfer of the revenue from non-judicial stamps to the Central Government if the difference is made good by the transfer of an extra share of the income-tax. As to the exact form of the adjustment, they consider—

(i) that the expansible assignment should be as large and the fixed assignment as small as possible, even if this involves the fixing of a different rate for each province, and that care should be taken to ensure that the calculations are based on normal and not on abnormal years

(ii) that the expansible assignment should take the shape of an extra share of the tax collected and not a flat rate on assessable incomes; and

(iii) that the calculation of the expansible assignment on the basis of personal incomes is inequitable in the peculiar circumstances of Bihar and Orissa, and that some arrangement should be made whereby the provincial revenues may derive some benefit from the profits of companies operating within the province. This should not be difficult to arrange if the assistance to be given to the province takes the form of an additional share of the tax collected.

8. Finally, I am to say that the Governor in Council views with some anxiety the position in which Bihar and Orissa is likely to be placed relative to other provinces when the temporary benefits conferred by the Meston Settlement have lapsed. In paragraph 18 of the Meston Committee's report it is admitted that "in Bihar and Orissa the local Government is quite the poorest in India and very special skill will be required in developing its resources." It is true that the provincial surpluses of the last few years appear to give the lie to these misgivings, but these surpluses have been almost entirely due on the one hand to severe economy and the starvation of essential services, and on the other to the expansion of the Excise revenue. This head, to which the province is indebted for 2 out of its 5½ crores of revenue has now, it is generally admitted, reached its high water mark, and there are in any case objections to exploiting it further. Land Revenue has practically reached its limit. The increase of court fees means taxing litigation, and is always open to attack. The Government forests are small. Irrigation is not a profitable head in Bihar and Orissa, and never will be. Registration and the remaining revenue heads are of minor importance. There is therefore every justification for the statement of the Meston Committee (paragraph 18) that "there is a wholly abnormal want of elasticity about its (*i.e.*, this province's) revenues". That the Reforms would entail a greatly increased expenditure on the part of Government has always been recognised (*i e.*, in paragraph 256 of the Montagu-Chelmsford Report), and in paragraph 4 of their letter under reply the Government of India impress upon the local Governments that it is an essential feature of the Reformed constitution that the duty of finding additional resources rests upon them. But, for the reasons stated above, little more can be expected from the existing revenue heads, while the more readily expansible sources of revenue such as salt, income-tax and customs, are not available. The province is naturally rich in minerals and, if further provincial taxation is to be raised, these are the obvious subjects of taxation. When however, the local Government proposed to impose a tax on coal and coke, the Government of India refused to sanction the introduction of the Bill in their letter No. 463-F., dated the 6th March 1923. When the Meston Settlement lapses and Bihar and Orissa falls into line with the other provinces as contemplated by the Government of India, it will have

to bear unrelieved the burden of its own lack of wealth When that occurs some provinces, including Bihar and Orissa, cannot fail to be left behind by their more fortunate rivals in the process of development, and the ultimate result may well be that the less fortunate provinces will be driven into an attitude of administrative revolt, accompanied by an acute development of provincial patriotism. Such a state of affairs cannot be conducive to the good of India as a whole. The provinces are not naturally divided sub-nations, but fortuitously composed of administrative units, and none more conspicuously so than Bihar and Orissa. In the opinion of His Excellency in Council the tendency to reduce finance to terms of isolated provincial units facing one detached central administration is one that should be discouraged If the provinces are to remain parts of a single whole with a strong Central Government at the head, the stronger provinces must be prepared to help the weaker, and although the principles on which their financial settlements are made may be the same. His Excellency in Council is strongly of opinion that their application to individual provinces must take some account of individual needs.

LETTER FROM THE GOVERNMENT OF BOMBAY, No. 5029-A., DATED THE 26TH OCTOBER 1926.

With reference to the Honourable Mr. Jukes' letter F. No. 116 (V)-F-26, dated 13th August 1926, I am directed by the Government of Bombay to express their regret and disappointment that the principles enunciated in the letter ignore the continually repeated protests of the Bombay Government against the inequity of the Meston Settlement. It would not be convenient nor indeed is it necessary to repeat in this letter the arguments on which those protests were based. They are well known to the Government of India, and the Government of Bombay can only repeat its desire that the Settlement should be submitted to the judgment of an impartial tribunal. The Settlement was based on assumptions which are in a number of instances false, and on anticipations, which have not been realised. The Muddiman Committee recommended a reconsideration of the Settlement, and the Government of India themselves recognised in their reference to the Taxation Enquiry Committee that Devolution rule 15 has failed entirely to achieve its ostensible purpose. Yet the present proposals of the Government of India intend "to place each of the provinces in approximately the same financial position at the outset as if no change had been made in the Meston Settlement".

2. On the other hand the Government of Bombay has been led to suppose that the Government of India sympathizes with the claims of the industrial provinces to a larger share in the revenues derived from industries than the Meston Settlement has given, and it may be that the principle as defined is not to be taken *au pied de la lettre*, and that

the revision now in contemplation will take into consideration what those provinces have lost and are losing owing to the defects of the *Devolution rule 15.*

3. The point of view of the Government of India is understood to be this, that whatever the merits of the case the Meston Settlement has now been so long in force that the provincial standards of expenditure have become crystallized and that it is impracticable to ask the provinces to reduce those standards. Any rectification of inequalities in the Settlement must therefore be made at the expense of the Central Revenues and not at the expense of other Provinces. Had the protests of this Government been listened to, it would not be possible to make use of this argument now; but in any case the argument cannot validly be employed in giving preference to further relief (in the shape of further remission of their contributions) to other Provinces at the expense of an industrial province which has admittedly been deprived of a just share of its industrial revenue The high standards of living and the consequent cost of the administration in Bombay are themselves the result of previous financial arrangements made by the Government of India, and the province has the right to expect to be able to maintain those standards with the help of a reasonably expending revenue.

4. That Devolution rule 15 has worked in a thoroughly unsatisfactory manner and has failed to give relief to those provinces which it was primarily intended to benefit is admitted on all sides and needs no elaboration. Any revision of the Settlement which is based on Devolution rule 15 as it stands, will perpetuate the hardship to the industrial provinces which this rule was specifically designed to alleviate. This Government therefore claims that before any revision of the Settlement is undertaken Devolution rule 15 should for purposes of the revision be modified and the revision should then take into account what this province would have got under the rule as so modified. The Government of Bombay desire that a modification of Devolution rule 15 on the lines already suggested by them should be taken in hand at once and that such revision should have precedence of any further remission of provincial contributions if the finances of the Government of India do not permit of the introduction forthwith of the revised settlement.

5. The suggestion to which I refer was put forward at the last conference of Financial Representatives and was to the effect that a revised datum line should be based on the ten pre-reform years ending with 1920-21. Most of the objections made by the Taxation Enquiry Committee are obviated under this datum line. This Government would *further urge that the difference between what they would have received* under the proposed Devolution rule and what they have actually received since the Reforms should be made up to them by a lump payment at the time of revising the Settlement.

6. Coming to the proposed transfer of non-judicial stamps to the Central Government, while agreeing that there are certain items in the schedule to the Stamp Act relating to commercial transactions in which

centralisation is desirable, the Government of Bombay are not prepared to admit that the centralisation of all non-judicial stamps is necessary either for administrative convenience or in the interests of commerce and banking. It is not possible in this letter to deal with this question in detail, and I am instructed now to say only that this Government desire to reserve their final opinion as to the need for complete transfer of all non-judicial stamps If it is found after examination desirable to leave with provincial administrations certain items, the actual details must be settled later between the Government of India and the Provincial Governments. The question is likely to give rise to difficult legal and technical questions, such as the need for separate provincial stamps, which would require careful consideration. It will be difficult to estimate with any degree of accuracy the amount of revenue accruing from the items which a Provincial Government will surrender.

7. The accompanying statement, No II, will show that non-judicial stamps is an important and steadily growing source of revenue in this Presidency. Another very important consideration is that a local Government has at present the power to vary the rates by legislation They will lose this power in the case of all non-judicial stamps that are centralised There are certain items in the stamp schedule, (*e g*, contract notes by a broker or agent and transfers) which are sources of considerable potential revenue to this Government. For such items as they do surrender they should be compensated in such manner as to make up not only for their existing revenues but for their prospective expansion.

8. As regards the method by which the share of the taxation of income is to be distributed among the different provinces, the letter from the Government of India does not explain how the figures in the enclosure to the letter are arrived at It would appear that the method is based, in the absence of accurate figures, on a number of assumptions, and it is understood that actual figures are being collected. I am to attach a statement (No. I) which compares what this Government would get at 2 6 pies and 3·03 pies in the rupee on total personal income-tax income *plus* personal supertax income with what it would surrender under non-judicial stamps and under Devolution Rule 15. The figure of the total personal income-tax income *plus* personal supertax income, 69·18 crores, is that worked out by the Central Board of Revenue for Bombay and given in the enclosure to the Honourable Mr. Jukes' letter. The figure, 62·46 crores, is the average of the total assessed income of this Presidency for the three years 1922-23 to 1924-25. The receipts under Devolution Rule 15 are at 3 pies in the rupee on the total assessed income. If therefore the pie rate adopted is such that $\frac{69}{62}$ of it is equal to 3 the increments under Devolution Rule 15 will be equal to those at that pie rate on the total of the personal income-tax income *plus* personal supertax income. If the pie rate adopted is such that $\frac{69}{62}$ of it is less than 3 the receipts under Devolution Rule 15 at the various stages would be larger than those under the pie rate, and *vice versa*. But neither the proportion between the total income-tax income *plus*

the total supertax income and the total assessed income, nor the pie rate, are fixed quantities.

The figures are merely illustrative. It is not known what the actual proportion will be for the year which is finally adopted for the purpose of the settlement, nor at what pie rate it will work out. It will be seen that even at the 3·03 pie rate this Government does not get a "share of revenue which expands in proportion to the growth in prosperity and the taxable capacity of the province as evidenced by its personal assessed income".

It may be noted in connection with Statement No. I that it assumes the revenue from non-judicial stamps to be fixed although it is a steadily expanding source, and is also worked out on the basis of the present unsatisfactory Devolution Rule 15 and not on the revised rule proposed by this Government. Figures of what would be received at higher pie rates than 3·03 have been worked out, but they all show that the receipts fail to expand adequately with the increase in assessed personal incomes. It is likely therefore that this basis of personal income-tax income *plus* personal supertax income may have to be abandoned. It is however impossible for the Government of Bombay to commit themselves to any definite opinion without knowing the actual figures of personal income-tax income and personal supertax income. They are advised that it is not a matter of very great difficulty to obtain actual figures from the various provinces and they would therefore prefer to await them before expressing any further opinion as regards this method. In order to obtain the desired elasticity the Government of Bombay would submit that two other methods are available. The method proposed by the Taxation Enquiry Committee was that of graduating the basic rate proportionately to the general rate. They do not consider that, there are any insuperable difficulties in the way of such graduation. It is not impossible to adopt such a graduated rate for the different classes of income for which separate statistics may be maintained and to adhere to it, whatever alterations in the rates may be subsequently made by the Government of India for their own purposes. The second method is that of giving a higher pie rate to the industrial provinces in which a larger proportion of the income-tax is derived from incomes assessed at the higher rates than in the agricultural provinces.

9. Paragraph 8 of the Honourable Mr. Jukes' letter deals with the question of fixed assignments to the provinces. It may be pointed out that the total revenue from non-judicial stamps for the whole of India is 486 lakhs for the year 1924-25 while the pie rates have been worked out on the assumption that the sum available for distribution will be 3 crores or 3½ crores. As no provincial Government will care to surrender a growing source of revenue for revenue a substantial portion of which would be in the shape of fixed assignment, it is absolutely essential that the pie rate should be kept as large as possible and the fixed assignment as small as possible, or entirely eliminated.

10. Before concluding, the Government of Bombay desire once again to bring the acute financial condition of this province to the notice

of the Government of India. The financial position has been reviewed by the Accountant General in the section II-D of his Appropriation Report for the year 1924-25. On that the Auditor General has commented as follows:—"The inability of the Bombay Government since 1923-24 to meet the whole of its statutory obligations under the Devolution Rules from its ordinary net revenues as shown in paragraphs 17—19 of the Report, the additional liabilities on the revenues in connection with Civil Works expenditure not costing more than 5 lakhs in each case, taken over from 1926-27, the growth of interest and sinking fund charges in respect of borrowings on capital account and the other very heavy commitments mentioned in paragraphs 34 and 36 of the Report, combined to show that the financial position in the near future will be serious. It is doubtful whether even the remission of the contribution to the Central Government will be sufficient in itself to ease the situation". This Presidency is now faced with the prospect of very heavy recurring deficits. It has levied additional taxation to the extent of Rs. 90 lakhs since the Reforms, besides raising revenue under Excise and other heads, to about the same extent by means of executive action. It is the opinion of the Legislative Council, which is shared by the non-official European members, that the limit of taxable capacity in the province has been reached No progress in the nation building departments handed over to the Ministers under the Reforms is possible in the absence of the necessary funds. This Presidency is thus faced with the prospect of stagnation, while other more fortunate provinces are reducing taxation. If the proposals of this Government regarding the modification in Devolution Rule in paragraph 5 cannot be accepted and brought into force from the next financial year, it is urged that the provincial contribution of this Presidency may be temporarily remitted as in the case of Bengal, since its financial condition is very much worse than that of that province.

11. The position of this Government may be summed up as follows:—

(i) The Government of Bombay maintains its claim that the Meston Settlement should be reconsidered.

Subject to this claim,

(ii) the Government of Bombay desire Devolution Rule 15 to be modified as suggested, before the proposed revision of the Settlement is effected and the revenue which Bombay would receive from the Devolution Rule 15 as so modified to be taken into account in considering its share of the taxation of income.

(iii) The difference between what Bombay would have received under a more equitable Devolution Rule 15 and the existing rule, since the Reforms, should be made good by a lump payment to Bombay.

(iv) The modification of Devolution Rule 15 should take precedence of the remission of provincial contributions if both cannot *be effected at once.*

(v) Further detailed consideration should be given to the question of dividing non-judicial stamps between Central and Provincial Governments.

(vi) The proposed basis for distributing their share of the income-tax among the different provinces cannot be accepted in the absence of reliable figures. The basis should be determined after obtaining actual figures of personal assessed incomes of the different provinces and should be such as to compensate adequately provinces such as Bombay which derive a larger share of the tax from income assessed at higher rates than other provinces.

(vii) The pie rate on the assessed income should be as high as possible and the fixed assignments as low as possible, or eliminated.

(viii) The rate should be so fixed as to compensate the provinces for the prospective growth of revenue from the non-judicial stamps and for the loss of the right to increase it by means of provincial legislation.

(ix) If immediate relief cannot be given to this Presidency by means of the modifications in the Devolution Rule 15 proposed in (ii) and (iii), its provincial contribution should be remitted temporarily.

12. In conclusion, I am to put forward for the consideration of the Government of India that in the event of these proposals failing to secure acceptance, it will be more equitable in any case that the India surplus in 1927-28 should be divided in arithmetical proportion to the amount of the outstanding contributions instead of according to the existing scale

STATEMENT I.

BOMBAY.

Forecast showing the difference between share at 2·6 pies and 3·03 pies per rupee on total personal income-tax income *plus* personal super-tax income and receipts under non-judicial stamps and under Devolution Rule 15.

Personal income-tax income and personal super-tax income (assumed)	Share at 2·6 pies per rupee on column 1	Share at 3·03 pies per rupee on column 1.	Receipts from non-judicial stamps (assumed)	Receipts* under Devolution Rule 15 (assumed)	Total of columns 4 and 5	Difference between columns 2 and 6	Difference between columns 3 and 6.
1	2	3	4	5	6	7	8
Crores.	Lakhs	Lakhs	Lakhs	Lakhs	Lakhs	Lakhs.	Lakhs
Rs	Rs	Rs	Rs	Rs	Rs	Rs.	Rs
69·18† .	93·7	109·3	94·6†	5·2†	99·8	—6·1	9·5
70 . . .	94·8	110·5	110	..	110	—15·2	0·5
75 . . .	101·6	118·4	110	3·1	113·1	—11·5	5·3
80 . . .	108·3	126·3	110	10·1	120·1	—11·8	6·2
85 . . .	115·1	134·2	110	17·2	127·2	—12·1	7·0
90 . . .	121·8	142·0	110	24·2	134·2	—12·4	7·8

* Figures in this column are worked out on the basis of the average for the three years 1922-23, 1923-24 and 1924-25 when the average total assessed income was 6[illegible]·46 crores. For the same period the figures in column 1 given by the Government of India is 69·18 crores. Figures on this proportion have been worked out in this Forecast for future years and receipts under Devolution Rule 15 calculated.

† Average for 3 years 1922-23, 1923-24 and 1924-25.

STATEMENT II.

The following statement shows the revenue from non-judicial stamps in Bombay Presidency and Sind from 1905-06 onwards :—

	Years	Lakhs of Rs
	1905-06	29·4
	1906-07	28 6
	1907-08	28 9
	1908 09	28 2
	1909-10	31·1
	1910 11	34 8
	1911-12	34 8
	1912-13	39 2
	1913-14	40 3
	1914 15	34 8
War period	1915-16	37 5
Rise in prices and speculation	1916-17	46 6
	1917-18	54 7
	1918 19	64 2
	1919-20	94 3
Land Speculation and industrial boom . .	1920-21	101·5
	1921-22	8·43
Amendment of Stamp Act	1922-23	94 9
	1923 24	91 2
Increase of assignment on account of unified stamps from 3 3 lakhs to 12 5 lakhs	1924 25	97·9
	1925-26 (Revised).	95 5
Tax on Transfers of Property in Bombay . . .	1926 27 (Budget)	111·1

LETTER FROM THE SECRETARY TO THE GOVERNMENT OF BURMA, FINANCE AND REVENUE DEPARTMENT, NO 179-N.-26, DATED RANGOON, THE 8TH NOVEMBER 1926.

SUBJECT :—*Report of the Indian Taxation Committee in its relation to the Meston Settlement.*

I am directed to submit the views of the Local Government on the proposals which are summarised in paragraph 9 of your letter F. No. 116 (V) F./26 of the 13th August 1926 for the modification of the Meston Settlement. These proposals are that receipts from non-judicial stamps should be transferred to the Central Government and that in order to compensate them for the resulting loss of revenue Provincial Governments should receive the proceeds of a flat rate of income-tax on presonal assessable incomes from all sources of assessees resident in the Province together with a fixed annual assignment so calculated as to place each Province in approximately the same financial position at the outset of the revised arrangements as if no change had been made in the Meston

Settlement. Existing annual assignments on account of unified stamps and those under Devolution Rule 15 on account of incomê-tax would disappear.

2. These proposals do not commend themselves to His Excellency in Council. They are unlikely to produce in the case of Burma the additional elasticity in the Provincial revenue which is desired by the Government of India. It is *primâ facie* improbable that the Local Government would benefit by the substitution of an assignment, based on the personal incomes of residents of the Province and supplemented by a fixed assignment, for the receipts from a growing source of revenue like non-judicial stamps, supplemented by an elastic assignment based on the excess of the assessed income of the year over the assessed income of 1920-21 Receipts from non-judicial stamps in Burma have of recent years shown a very satisfactory annual growth and the rate of expansion is likely to continue It is open to the Local Government to increase from this source by careful administration and by raising the rates of stamp duty Burma is primarily an agricultural country and a large share of the receipts from non-judicial stamps comes from the agricultural population. The general stamp revenue is benefited alike by the prosperity and the misfortunes of the agriculturists. Prosperity encourages the purchase of land; misfortunes necessitate its sale and mortgage. A vigilant District Officer can secure an appreciable increase in the general stamp revenue of his district by encouraging his subordinates to be watchful for evasions of the Stamp Law. It is right that the Provincial revenues should depend as largely as possible on the efficiency of the Provincial Administration It is wrong to substitute for any portion of these revenues receipts which depend on the administration of a Central subject with which [the Local Government has nothing to do.

3. Non-judicial stamps were made a Provincial subject on the recommendation of the Committee on Financial Relations who "found no other means of securing a complete separation of the sources of revenue between the Provincial and Central Governments which would give an adequate revenue to certain Provinces." That Committee was "not disposed to see grave disadvantage in different rates of stamp duty in different Provinces, at least on some of the transactions for which duty has to be paid;" it remarked that "any uniformity which may be decided to be essential can always be secured by Central legislation," and it pointed out that "general and Judicial stamps are controlled by the same agency, and there is a good deal of miscellaneous work and outlay common to both." The disadvantages of the present arrangement as set out in paragraph 314 of the Report of the Indian Taxation Enquiry Committee are:—

(1) "inconvenience in cases where an instrument stamped in a Province in which the stamp duty has not been increased is sought to be exhibited in another Province where it has been increased," etc.,

(2) the fact that several Provinces "lose a substantial portion of their legitimate revenue under this head as a result of provincialisation," as for example, in the case of the stamp duty on cheques and on share transfers. So far as Burma is concerned these disadvantages are theoretical rather than practical, and in any case they can be removed by Central legislation. His Excellency in Council would not object to a proposal that receipts from stamp duties prescribed by Central legislation and collected by means of unified stamps should be credited to Central revenues and that the resulting loss to Provincial revenues should be made good, not by an enhancement of the fixed assignment on account of unified stamps now received from the Government of India, but by an increase in the present assignment on account of the growth in incomes assessed to income-tax.

4. The Government of India propose that the Provinces should receive the proceeds of a flat rate of income-tax on personal assessable incomes from all sources of assessees resident within the Province. It is presumed that if the Government of India were at any future time to raise the present limit of non-assessable incomes they would duly compensate Local Governments for the resulting loss to Provincial revenues. The personal incomes of the residents of a Province no doubt reflect the progress of those residents in well-being so far as any income-tax statistics can reflect them, but a better basis for calculation would be the whole of the assessed incomes, whatever the sources, which are earned in the Province. In Burma trade other than petty trade is nearly all in the hands of British firms whose headquarters lie outside the Province and of Indians whose Senior Partners live in other Provinces of India and the personal income of those resident in the Province forms a comparatively small part of the total income which is earned within the Province.

[illegible]

tax payers resident in Burma. The banking business of the country outside the large towns is practically monopolised by the Natukottai chetties from the Madras Presidency. Most of the capital employed in their business consists of profits earned in Burma but only a minor part of the chetties' income from Burma is assessed in this Province. The principals of the money lending firms reside in the Madras Presidency or in the Indian State of Pudukotta, and their personal income, where assessed to income-tax, is assessed in the Presidency. A large proportion of the rice trade of the Province is in the hands of Gujerati-speaking Indians from the Bombay Presidency; many of these are assessed to income-tax in Bombay. A considerable portion of the Import Trade is in the hands of the same class of Indians, and practically all the partners of these importing firms have their permanent residence in the Bombay Presidency or in Kathiawar. Their fortunes have been amassed

in Burma but the Province receives no credit from the income-tax which they pay.

5. The Government of India propose to make good the difference between the receipts from the flat rate of income-tax and the receipts from non-judicial stamps by a fixed assignment from Central to Provincial. Fixed assignments are objectionable in principal, especially when they are large, and it is inevitable that the amount of the assignment will be appreciable in the case of some Provinces. In the enclosure to your letter it is estimated that taking the average for the three years 1922-1925, personal incomes assessed to income-tax and super-tax in Burma, amounted to over Rs. 19 crores. The Governor in Council is not in a position to check this estimate but he believes that when actual figures have been obtained it will be found to be on the high side. On the assumption that the Government of India propose to adopt the same basic rate for all Provinces the Local Government is satisfied that Burma's share of the income-tax will require to be supplemented by a very large fixed assignment in order to make up for the loss of the receipts from non-judicial stamps. The necessity for a fixed assignment would disappear if the flat rate for calculating the income-tax were varied from Province to Province. In the opinion of His Excellency in Council it is no more objectionable to vary the rate than to vary the amount of the fixed assignment.

6 In paragraph 4 of your letter the Government of India remarked that "practical considerations and the requirements of equity" demand *inter alia* that the changes to be introduced in the Meston Award should be kept down to the minimum. The Local Government agrees that this condition is essential but it does not think that it should be held to preclude a modification of the Award necessitated by the correction of an error in the figures on which the Award was based. In the case of Burma, the Land Revenue receipts of the Province wrongly included the revenue from the Capitation Tax and the Land-rate in lieu thereof which are levied in Lower Burma and the Thathameda-tax which is levied in Upper Burma. The Indian Taxation Enquiry Committee has accepted the view of this Government (which has on more than one occasion been placed before the Government of India and which was also placed before the Meston Committee when it visited the Province) that these taxes should be converted into sources of local revenue and excluded from the Provincial Budget. A full statement of the case in respect of these taxes was placed before the Government of India in my letter regarding the resolution adopted by the Burma Legislative Council during the Session of September 1925 that the Export duty on rice and the Excise duty on petrol and kerosene oil should be made over to the Local Government in order *inter alia* to allow the Local Government to give effect to this recommendation of the Taxation Enquiry Committee. The Government of India have rejected the specific request made in my letter that the receipts from these sources of revenue should be assigned to the Local Government but I am to express the hope that they will see fit to take some other measure to rectify the wrong.

Extract from the Proceedings of the Conference of Financial Representatives, 1926.

First Meeting.

Recommendations of the Indian Taxation Enquiry Committee in relation to the Meston Settlement

The Chairman explained the scheme outlined in the letter of the Government of India on the modification of the Meston Settlement and referred to the principal points raised by the local Governments in their replies.

The proposals briefly were :—

(a) to transfer non-judicial stamps to the Central Government,

(b) to re-imburse provincial revenues by means of the proceeds of a flat rate of income-tax on personal incomes from all sources, with a fixed assignment in adjustment of any deficit.

The main objections of the provincial Governments to the scheme were that it meant the substitution of fixed assignments for a portion of proceeds of stamp duties which constituted a growing source of provincial revenue and that it would remove from the control of provincial Governments an important sphere of taxation. In order to meet these difficulties he had suggested a division of non-judicial stamps under which only documents which were of a commercial or quasi-commercial character would be transferred to the Central Government, while the provinces would retain conveyances, mortgages, leases and other important revenue-yielding items. Bihar and Orissa desired that the provincial assignment should take the shape of a share of the Income-tax collected, but there are obvious objections to this proposal. For instance, if the Government of India were to reduce the rates of income-tax a loss of revenue would thereby be inflicted on provincial Governments; while, on the other hand, if the Government of India decided to raise the rates owing to a war or some other emergency, the provincial Governments would gain additional revenue without regard to actual requirements. The original intention was to apply the pie rate to the total personal assessable incomes *plus* personal super-tax incomes, but further examination of the question led to the conclusion that it would be preferable to base the assignment on personal incomes only.

* * * *

After discussion it was decided to constitute a Sub-Committee to consider the following points :—

(1) whether the suggested division of stamp duties between the Central Government and the Provincial Governments (see Appendix I) was appropriate;

(2) whether it was possible to estimate the yield of the stamp duties to be centralised;

(3) whether the difficulties of allocating the companies' tax among the different provinces according to origin and domicile could be overcome; and

(4) whether a uniform pie rate would be preferable to a varying pie rate.

Report of the Sub-Committee appointed to examine certain questions arising out of the proposals of the Government of India to vary the Meston Settlement in respect of Non-Judicial Stamps and Income-tax.

The Committee was constituted for the following purposes :—

(*a*) to examine the detailed proposals of the Central Government for the division between the Central and Provincial Governments of the stamp duties prescribed by Schedule I of the Indian Stamps Act, 1899 (Appendix A);

(*b*) to report whether any estimate of the resulting distribution of stamp revenue was possible;

(*c*) to report on a statement (Appendix B) based on the latest figures received from Commissioners of Income-tax, showing personal income-tax incomes, the result of applying a three pie rate thereto, the loss to the Provinces of stamp revenue on the assumption that two-fifths of the total stamp revenue would become Central and the resulting fixed assignments;

(*d*) to consider whether the income of Companies assessed to Super-tax should be included in the income on which the calculation of the assignment shall be based.

* * * *

4. [*Ref. Para. 1 (a)*].—The Committee accepted the Central Government's proposals with the following modifications :—

(1) *Article 5.*—Instruments falling under class (c) to be Provincial.

(2) *Article 15.*—Instruments falling under this Article to be Provincial, unless they belong to a class which has been declared by the Central Government with the approval of Provincial Governments to be Central.

(3) *Article 31.*—To be Provincial.

(4) With the exception of Instruments covered by Articles 8 and 9, all Instruments falling under the Articles detailed in the List prepared by the Finance Department of the Government of India under the heading "Documents which may be Provincial or Imperial" to be Provincial.

Bombay and Bengal pointed out that by the inclusion of instruments falling under Articles 13 and 62 their Provinces would lose a very important source of potential revenue.

5. [*Ref. Para. 1 (b)*].—The majority of the members thought that it would not be possible to obtain estimates of any real value of the financial effect of distributing the receipts from stamp-duties between the Central and Provincial Governments. Bombay produced certain figures which indicated that the probable effect would be an equal division and it was suggested that in Bengal the result would be vary similar. United Provinces believed that not more than 25 per cent. of the Provincial Stamp revenue would be transferred to Central as a result of the division. The general view was that the proportions would vary greatly in the different provinces, although the Government of India's assumption that the Central share of the total stamp revenue would be roughly two-fifths of the whole might be not far from the mark.

6. [*Ref. Para. 1* (c)].—Several members of the Committee expressed doubt regarding the correctness of the figures in column 2 of the Statement (Annexure B). It was explained that the accuracy of the figures could not be guaranteed and that the statement had been prepared merely to illustrate roughly the proposals of the Government of India and Mr. Loftus-Tottenham hopes that, more accurate figures would if possible be collected before any final distribution was made.

7 [*Ref. Para. 1* (*d*)]—On the figures available Madras, Bombay, the United Provinces, the Punjab and the Central Provinces considered that the basis of assessment should be (*a*) personal incomes and not (*b*) the assessed income as defined in Devolution Rule 15 (2) Bengal and Burma were in favour of the latter basis and Bihar and Orissa and Assam were in favour of whichever alternative was the more profitable. The following figures were supplied by Mr. Loftus-Tottenham to show (in lakhs of rupees) the different results obtained by distributing 3½ crores on these two bases :—

Province	Basis (*a*)	Basis (*b*).
Madras	43·19	44·63
Bombay	107·48	94 39
Bengal	74·48	86 42
United Provinces	32 71	24·43
Punjab	22 08	24·22
Burma	29 35	38 36
Bihar and Orissa	18·13	14 28
Central Provinces	15 89	13·93
Assam	6 69	9 34

8. *The views of the members of the Committee were then taken on* the question whether the rate to be applied to the assessed income should be uniform for all the provinces or should vary from province to province. It was pointed out that a varying rate would obviate the need for fixed assignments or, in the event of the Government of India deciding to sacrifice the additional revenue (estimated at some Rs. 60 lakhs) required [illegible] the probability of dissatisfaction [illegible] re in the additional amount dis- [illegible] ired in favour of a uniform rate; *the United Provinces and Burma in favour of a varying rate; the remaining provinces considered that they had not sufficient information before them to decide. Bombay remarked that on the figures available* they would be prepared to accept a uniform graduated rate.

9. The Committee discussed the suggestion, thrown out by the Auditor-General in the course of the morning's meeting of the Conference, that in view of the probability that the Royal Commission to be appointed under section 84-A of the Government of India Act will examine the working of the Meston Settlement and of the delay which must be entailed by the attempt to obtain reliable figures and of the fact that the Government of India do not propose to introduce any change in the present Devolution Rule 15 until the provincial contributions have been extinguished, it is not worthwhile to upset the present arrangements. Bombay and Bengal maintained that immediate relief to some kind was required, but the other provinces felt that it would be advisable to make no change. Madras would not object to transfer the whole of the non-judicial stamp revenue in exchange for an increased assignment based on incomes assessed to income-tax, as originally proposed by the Government of India, but agreed with the majority in respect of the proposals as modified. It was pointed out that the introduction of Central non-judicial stamps as distinct from Provincial non-judicial stamps would probably inconvenience the public and that the proposal to give the Central Government either the whole or a share of the proceeds of stamp duties on instruments would involve divided control of the stamp administration which was one of the objections taken by the Meston Committee to the former alternative. A suggestion was made that uniformity of duty in respect of the instruments which it is proposed to include in the Central list could be secured by reserving them for Central legislation without crediting the duties to Central and that the Provinces could be compensated by assignments for any reductions which the Central Government considered it advisable to make in the duties on these instruments in the interests of trade.

APPENDIX A (to Report of Sub-Committee).

Division of stamp duties between the Central and Provincial Governments as proposed by the Government of India.

(The numbers of the articles are those in Schedule I of the Indian Stamp Act of 1899).

Imperial.

(a) Documents now reserved for Imperial legislation :—

1. Acknowledgment.
13. Bill of Exchange.
19. Share certificate.
21. Cheque.
28 Delivery order in respect of goods.
36. Letter of allotment of shares.
37. Letter of Credit.
47. Policy of insurance.
49. Promissory note.
52. Proxy
53 Receipt.
60. Shipping order

(b) Other documents which for administrative or other reasons should be taxed by the Central Government.

5. Agreement relating to sale of a bill of exchange, Government Security.
10. Articles of Association of a company.
14. Bill of lading.
15. Certain classes of bonds.
16. Bottomry bond, that is, an instrument by which the Master of sea-going ship borrows money on the security of the ship to enable him to preserve the ship or prosecute a voyage.
17. Instrument of Cancellation (to follow the instrument cancelled).
20. Charter party, that is, any instrument whereby a vessel or some specified principal part thereof is let for the specified purposes of the charterer.
24. Copy or extract (where the officer is under the Central Government).
25. Counterpart or duplicate (to follow original).
26. Customs bond.
27. Debenture.
34. Indemnity bond.
39. Memorandum of Association of a company.
43. Note or memorandum sent by the broker or agent to his principal intimating the purchase or sale on account of such principal.
44. Note of protest by the Master of a ship.
46. Instrument of partnership.

50. Protest of bill or note, that is, any declaration in writing made by a notary public or other person lawfully acting as such attesting the dishonour of a bill of exchange or a promissory note.

51 Protest by the Master of a ship, that is, a declaration of the particulars of a voyage drawn up by him with a view to the adjustment of losses, etc.

56 Respondentia bond, that is, an instrument securing a loan on the cargo laden or to be laden on board a ship and making repayment contingent on the arrival of the cargo at the destination

59 Share warrant to bearer issued under the Indian Companies' Act, 1882.

62 Transfer of—

(a) Shares in a company,

(b) debentures, marketable securities;

(c) any interest secured by a policy of insurance, etc.

65 Warrant for goods.

Provincial.

2 Administration Bond including bonds given under Section 256 of the Indian Succession Act of 1865, Section 78 of the Probate and Administration Act of 1881, or Section 9 or Section 10 of the Succession Certificate Act of 1889.

4. Affidavit.

7. Appointment in execution of a power whether of trustees of property moveable or immoveable where made by any writing, not being a will.

11. Articles of Clerkship or contract whereby any person first becomes bound to serve as a clerk in order to secure admission as an attorney in any High Court.

12. Award.

15. Bonds (certain classes only).

17. Cancellation (if instrument is in this class).

18. Certificate of sale granted to the purchaser of any property sold by public auction by civil or revenue court by Collector or other revenue officer.

21. Copy of extract given by officer under the provincial Government.

25. Counter part or duplicate of documents included in this class.

30. Entry as an Advocate Vakil or Attorney on the roll of any High Court

42. Notarial Act.

48. Power of Attorney, not being a proxy.

Documents which may be Provincial or Imperial

3. Adoption deed.

6. Agreement relating to title deeds.

8. Appraisement or valuation made otherwise than under an order of the court in the course of a suit.

9 Apprenticeship deed

22 Composition deed

23 Conveyance.

29 Instrument of divorce.

31. Exchange of property.

32. Instrument of further charge, that is, an instrument imposing a further charge on mortgage property.

33. Gift.

35. Lease

38 Letter of license, that is, an agreement between a debtor and his creditors that the latter shall, for a specified time, suspend their claims and allow the debtor to carry on business at his discretion.

40. Mortgage deed

45. Partition.

54. Reconveyance of mortgage property.

55. Instrument of release, that is, an instrument whereby a person renounces his claim upon another person against any specified property.

57. Security bond or mortgage deed.

58. Settlement.

61. Surrender of lease.

63. Transfer of lease.

64. Declaration or revocation of trust.

APPENDIX B (to Report of Sub-Committee).

Province. (1)	Personal Incomes (In Crores) (Super-tax incomes omitted) (2)	Proceeds of 3 pies rate (In lakhs). (3)	Loss in stamp Revenue by the transfer of non-judicial stamps to Central Government (In lakhs) (4)	Fixed assignments (In lakhs) (5)
Madras	17·51	27 36	43 27	+15 91
Bombay	40 39	63·11	45·79	—17 32
Bengal	26 34	41·16	51 69	+10 53
United Provinces	13 29	20 77	16 81	—3·96
Punjab	8 96	14·00	16 44	+2 44
Burma	11·39	17 80	13 51	—4·29
Bihar and Orissa	7 09	11·08	8 92	—2 16
Central Provinces	6 30	9 84	10 10	+·26
Assam	2 78	4 34	2·77	—1·57
TOTAL	1,34·05	2,09·46	2,09 30	..

NOTES —*Col.* 2.—Revised figures based on three years' average.

Col. 3.—The figures represent the distribution by provinces of a total assignment of 2,09 46 lakhs representing the assumed loss to Provincial Revenues of approximately two-fifths of their receipts from non-judicial stamps

Col. 4—These figures represent in each case approximately two fifths of the provincial receipts from non judicial stamps.

Col 5—The figures represent the difference between Cols. 3 and 4. They take no account of assignments under Devolution Rule 15 or of temporary assignments (*e g.*, of Customs duties).

Third meeting of the Conference held on the 17th November 1926.

The report of the Sub-Committee appointed on the 16th to consider the points arising out of the scheme for the revision of the Meston Settlement was read and the discussion on the subject resumed. The following general propositions were agreed to pending examination of the whole subject by the Statutory Commission :—

(1) It is desirable in principle that certain of the stamp duties (broadly those suggested by the Finance Department of the

Government of India and accepted with slight modifications by the sub-committee) should become central sources of revenue, provided that the provinces are adequately compensated for the loss both of actual revenue and of potential increases of revenue.

(2) It is desirable that a new formula should be found to replace Devolution Rule 15 of such a character as to give each province an interest in receipts from taxes on income which will reflect the growing prosperity of the province as measured by assessment, provided that the amount payable to each province should not be less than it would get under Devolution Rule 15. It was understood that the question of the assessment which should be adopted as the basis of the formula would remain open. The alternatives include the following —

(a) total assessable incomes in each province;

(b) personal incomes only, including dividends from companies, wherever situated, of assessees resident within the provinces;

(c) personal incomes *plus* incomes assessable to super-tax;

(d) personal incomes *plus* companies' income.

(3) No modification ought to be made in the direction of increasing the sums payable out of the proceeds of central revenue to any particular province until the Government of India have first extinguished the provincial contributions. (Bombay dissented while Bihar and Orissa remained neutral.)

(4) It is not desirable to effect major changes in the Meston Settlement as regards the taxes allocated to central and provincial Governments respectively or as regards the relative position of one province to another. (Bombay and Bengal dissented and maintained their demand for a complete revision of the Settlement.) Bihar stated that they had never accepted the Meston Settlement as a satisfactory final arrangement, and referred to the last paragraph of their official letter as representing their views.

Burma agreed provided that the question of the rice duty was not held to be a major change. Central Provinces and United Provinces asked that the question of the Famine Insurance Fund already discussed should not be excluded from prior consideration. Assam also asked that the question of the tea duty should remain open.

(5) It is desirable to arrive at a settlement of questions 1 and 2 in such a way as to secure that as soon as the provincial contributions are extinguished the new formula regarding income-tax may come into force giving to each province an assignment in respect of income-tax varying with the income-tax assess-

ments of each year (the question on what assessments the formula should be based being left open) which will not be less than is sufficient to compensate it for any loss of stamp revenue and for the assignment which it would receive or expect hereafter to receive under Devolution Rule 15 as it stands, such assignment also if possible to absorb existing temporary assignments, if any. (Bombay agreed subject to the condition that in fixing the assignments, the fact that Bombay had suffered in a marked degree on account of the defective operation of Devolution Rule 15 should be taken into consideration. They maintained a right to payment of arrears under the rule, as it ought to have operated if the basis had been equitable)

(6) It is desirable that the new formula should be uniform for all provinces if possible. But at the same time if the new formula is such as to give greater increases of revenue to same provinces than to others the advantage gained by one province [illegible] ly to disturb [illegible] province by the Meston Settlement.

1927.

LETTER FROM THE HON'BLE MR. A F. L. BRAYNE, C.I.E., I.C S., SECRETARY TO THE GOVERNMENT OF INDIA, TO ALL PROVINCIAL GOVERNMENTS, No F. 11-XII—F, DATED SIMLA, THE 26TH SEPTEMBER 1927.

SUBJECT.—*Readjustments within the Meston Settlement.*

I am directed to refer to Mr. Jukes' letter No. F. 116 (V)-F./26, dated the 13th August 1926, on the above subject, in which the Government of India invited the opinions of Provincial Governments on the proposals—

(*a*) to transfer non-judicial stamps to the Central Government;

(*b*) to re-imburse Provincial revenues by means of the proceeds of a flat rate of income-tax on personal assessable incomes from all sources (including dividends from companies, wherever situated) *plus* personal super-tax incomes of assessees resident within the province; and

(*c*) to make good the resulting Provincial deficits by means of annual fixed assignment from the Central Government which would remain unchanged indefinitely, the amounts of such assignments being so calculated as to place the Provinces in approximately the same financial position at the outset as if no change had been made in the Meston Settlement.

The objections raised to the scheme and the alternatives proposed by the Provincial Governments in their replies were examined at considerable length by a sub-committee of the Conference of Financial Representatives held in November 1926 and the conclusions that emerged from these discussions were embodied in a series of propositions which, subject to certain important reservation, were agreed to by the Conference, pending examination of the whole subject by the Statutory Commission. These conclusions may briefly be summarised as follows —

(1) Stamp duties on documents which are of a commercial or *quasi*-commercial character should be transferred to the Central Government, the Provinces to retain conveyances, mortgages, leases and other important revenue-yielding items; and the Provinces should be adequately compensated for the loss of revenue from this source, actual as well as potential

(2) A new formula for the division of income-tax should be found to replace Devolution Rule 15 of such a character as to give each Province an assignment in respect of income-tax varying with the income-tax assessments of each year which will not be less than what is sufficient to compensate it for any loss of stamp revenue and for the assignments which it would receive or expect hereafter to receive under Devolution Rule 15 as it stands

(3) It is not desirable to effect major changes in the Meston Settlement as regards the taxes allocated to Central and Provincial Governments respectively or as regards the relative position of one Province to another

(4) No modification involving payments out of the proceeds of Central Revenues to any particular Province should be made in the Settlement until the Government of India have first extinguished the Provincial contributions

2 I am now to explain the detailed proposals which have been formulated with reference to the principles indicated in these propositions. The Government of India have tentatively decided to accept the recommendations of the sub-committee regarding the centralization of commercial and *quasi*-commercial instruments, and they propose to give effect to them from the 1st April 1928. The instruments which are to be centralized are shown in Annexure A to this letter.

3. The division of the income-tax, which I am next to deal with has presented very great administrative difficulties in almost every country in which attempts have been made to distribute the proceeds of this tax on a rational basis. The problem was investigated by the League of Nations with the assistance of eminent economists in connection with the avoidance of double income-tax. It has been examined at great length with special reference to the peculiar conditions of India by the Taxation Enquiry Committee in paragraphs 528-538 of their report.

The Committee made an attempt to apportion the proceeds of the tax according to the principles of the origin of the income and the domicile of the assessee, but they found the practical difficulties almost insuperable and they came to the conclusion that the only possible method was to *base the distribution primarily on the principle of domicile, which also* underlies the final conclusion of the committee of experts appointed by the League of Nations. They recommended that the Provinces should be given the proceeds of a graduated rate on personal incomes of assessees from all sources, including dividends from companies wherever situated. In partial recognition of the principle of origin, they also suggested that each Province should be given a *small* portion of the receipts from the super-tax on companies. The Government of India examined in great detail the latter proposal, but they found that the preliminary adjustment of the collections of each Province to meet the case of profits earned in several Provinces but taxed in only one, which is essential for the distribution of the super-tax on companies on an equitable basis, could only be made on assumptions of an extremely hypothetical character. The Committee themselves did not make any claim that their scheme had any pretensions to scientific accuracy, they recommended it primarily on the ground that " it is easily comprehensible bearing its merits and demerits on its face, that it can be applied directly by the use of returns already in use and that it gives as much recognition to the principles laid down by economists as is possible in the conditions obtaining in India." The Government of India, therefore, examined various alternatives and provisionally suggested that the simplest plan would be to give the Provinces the proceeds of a flat rate on personal incomes *plus* personal super-tax incomes. They recognised clearly at the time that this formula was in some respects illogical, since the super-tax in India is a distinct tax and is levied *in addition* to the income-tax on the portion of the income exceeding Rs 50,000 or in the case of Hindu Undivided Families Rs. 75,000. They, however, accepted it primarily on the *supposition that it would give the industrial Provinces of Bengal and* Bombay, where most of the super-tax is collected, a larger and more equitable portion of the income-tax than they would get if only personal incomes were taken as the basis, as suggested by the Taxation Enquiry Committee. Subsequent statistical investigations, based on the actual figures of personal incomes and personal super-tax incomes, however, have shown that Bombay and Bengal, so far from benefiting by the adoption of this formula, would actually lose owing to the fact that the initial pie rate would be lower if the super-tax incomes were added to the ordinary incomes This is a result of the fact, established by statistics, that, during a period of improving trade, super-tax incomes in India do not invariably increase in a higher proportion than personal incomes. After *fully considering the alternatives the Government of India have, therefore,* finally decided to adhere to the conclusion, which was provisionally announced by the Hon'ble the Finance Member at the Conference of Financial Representatives held in November last, that it would be preferable to base the assignment on personal incomes only.

4. The next step is to determine a pie rate to be applied to personal incomes which will give to each of the Provinces an amount not less than the total of—

(a) the revenue which the Provinces will lose if the instruments specified in Annexure A were centralised,

(b) the average assignments which the Provinces receive under Devolution Rule 15 as it stands; and

(c) the amounts of revenue assignments of a recurring nature (other than those which are in the nature of payments for specific services rendered) which are made to the Provinces under present arrangements. These are generally excise assignments

Since the revenue from non-judicial stamps is classified in the Provincial administration reports according to the kind of stamp used and not, in all cases according to the nature of the documents, it has proved a difficult task to obtain accurate estimates of the revenue from stamp duty on instruments proposed for transfer to the Central Government. The figures in column 5 of the statement in Annexure B are based on such information as the Provincial Governments have been able to supply and on independent calculations made by the Central Board of Revenue. It will be observed from the statement that the proceeds of income-tax at the rate of three pies in the rupee on personal incomes would, except in the case of Assam, cover the loss to the Provincial Governments which would result from the adoption of the proposals for the centralisation of certain stamps and for the abolition of the assignments under Devolution Rule 15 and other revenue assignments In the case of Burma, also, if the budget estimate of the assignments under Devolution Rule 15 for 1927-28 were adopted as the basis of calculations, there would be a slight deficit. I am, however, to point out that both in the case of Burma and Assam, the comparatively large assignments under this rule have followed not from any marked expansion of non-agricultural income, but from certain fortuitous circumstances. The income of tea companies in Assam forms the major portion of the assessed income in that Province. These companies were assessed to income-tax for the first time *after* 1920-21, which is the basic year adopted for the calculations under Devolution Rule 15 The comparatively large assignments which Assam has enjoyed are therefore due almost entirely to a change in the law of income-tax. In Burma, on the other hand, until a comparatively recent date there existed no properly organised machinery for the assessment of income-tax outside Rangoon city. With the extension of the activities of the Income-Tax Department to the moffusil districts in this Province, the assignments under Devolution Rule 15 have increased in a marked degree. In the case of Bengal, while the initial benefit is not very considerable on the statistics adopted in Annexure B, it must be realised that the standard of income-tax assessment is much lower than it ought to be The Central Board of Revenue are engaged in further efforts to improve the efficiency of the income-tax administration

in Bengal and this, together with the general improvement in trade, will enable the Province to enjoy a much larger and increasing benefit from the arrangement proposed. The Government of India propose that if in the case of any Province the proceeds of the three pie rate are less than the compensation (calculated on the figures of the last three years) which is due to the Province under the readjustment now contemplated, the difference will be made good by means of an assignment from Central revenues, until the question of the future financial relations between the Central Government and the Provincial Governments has been settled after the enquiry by the Statutory Commission.

5 The Government of India would propose to take advantage of this opportunity to remove certain minor fiscal anomalies which, though of a comparatively trivial character from the point of view of revenue, involve general principles to which they attach very great importance. Court fees are now levied under the Indian Court Fees Act, 1870, on certain classes of documents relating to proceedings before officers in the Customs, Income-tax and Salt Departments of the Government of India. A list of such documents is given in Annexure C to this letter. Since a fee is essentially in the nature of a payment for services rendered, little justification exists for the levy by Provincial Governments of a charge for service rendered by officers directly under the Central Government. The Government of India propose to abolish these fees with effect from the 1st April 1928. It would, of course, be open to them to revive these court fees as fees payable to the Central Government by a special Act of the Central legislature, if experience showed this to be desirable later.

6. I am also to refer in this connection to the export and import duties levied under various Forests Acts. Under section 3 of the Burma Forests Act of 1902 'forest royalties,' which are of the nature of export duties are levied on rubber, lac, kalaw seeds, sunletthe, wild birds, etc. These duties are actually collected by the Imperial Customs officers. The revenue from these royalties in the years 1924-25 and 1925-26 was Rs. 4·95 lakhs, and Rs. 4·62 lakhs, respectively. Under the powers conferred by section 39 of the Indian Forests Act of 1878, local Governments have also in many cases, with the previous sanction of the Governor General in Council, levied import duties on timber entering their territories from outside British India. The revenue from these import duties in Bombay and United Provinces amounted on an average to Rs 16,000 and Rs. 38,000, respectively, during the last three years. In the case of Burma, the principal justification for this practice lies apparently in the fact that the geographical features of the Province render it difficult to collect forest royalties in any other manner, and the Government of India do not propose that the power given under section 3 of the Burma Forests Act of 1902 to impose these forest royalties should be withdrawn under present conditions. In the case of the other Provinces affected, I am to suggest that the administrative justification for the continuance of the import duties should be re-examined. The Government of India consider it desirable to delete from the Indian Forests Act and from the Provincial Forests Acts the powers given to local Governments to levy

import duties on timber entering their territories from outside British India, unless such a course would cause serious administrative inconvenience. If the local Governments, except Burma, agree to the abolition of these duties, the loss of revenue thus entailed will be taken into consideration in connection with the revision of the present settlement.

7. The proposals on which I am to invite the opinions of the Provincial Governments may briefly be summarised as follows —

(1) Stamp duties on the documents specified in Annexure A should be transferred to the Central Government

(2) The Provinces should be given a share of the income-tax at the rate of three pies in the rupee on personal assessable incomes from all sources of assessees resident within the Province

(3) The assignments under Devolution Rule 15 and other revenue assignments which are not in the nature of payments for specific services rendered should be abolished

(4) The Indian Court Fees Act 1870 should be amended so as to abolish the fees on all documents relating to proceedings before officers of the Income-tax Salt and Customs Departments of the Government of India.

(5) The import duties levied under the Forest Acts on timber coming into a Province from outside British India should also be abolished.

(8) If in the case of any Province, the proceeds of the three pie rate are less than the loss of revenue from (1), (3), (4) and (5), the difference should be made good by means of an assignment from Central Revenues until the question of the future financial relations between the Central Government and the Provincial Governments is settled after enquiry by the Statutory Commission.

It will be observed from the statement in Annexure B that the proposed readjustment is likely to result in an initial sacrifice by the Central Government of nearly Rs. 65 lakhs (without allowing for further loss resulting from a possible reduction of the stamp duties on particular instruments in certain Provinces, designed to secure uniformity). Subject to the approval of the Secretary of State the Government of India propose to give effect to the revised settlement with effect from the 1st April 1928, provided their financial position then permits of the final extinction of the Provincial contributions and also of the sacrifice of revenue involved in this and other schemes under contemplation. I am to request that a reply to this letter may be sent to the Government of India before the 1st November next so that it may be possible to discuss these proposals at the next Conference of Financial Representatives.

ANNEXURE A.

INSTRUMENTS THE STAMP DUTIES ON WHICH WILL BE CREDITED TO THE CENTRAL REVENUES.

(The numbers of the articles are those given in Schedule I of the Indian Stamp Act of 1899)

1. Acknowledgment.

5 (*a*) & (*b*) Agreement relating to sale of a bill of exchange, Government security or company shares

8. Appraisement or valuation made otherwise than under an order of the court in the course of a suit.

9 Apprenticeship deed.

10. Articles of Association of a company.

13. Bill of exchange.

14. Bill of lading.

16 Bottomry Bond, that is, an instrument by which the master of a sea-going ship borrows money on the security of the ship to enable him to preserve the ship or prosecute a voyage.

17. Instrument of cancellation (to follow the instrument cancelled).

19. Share certificate.

20. Charter party, that is, any instrument whereby a vessel or some specified principal part thereof is let for the specified purposes of the charterer.

21. Cheque.

24. Copy or extract where the officer is under the Central Government.

25. Counterpart or duplicate (to follow original).

26. Customs Bond

27. Debenture.

28. Delivery order in respect of goods.

36. Letter of allotment of shares.

37. Letter of credit.

39. Memorandum of association of a company.

43 Note or memorandum sent by a broker or agent to his principal intimating the purchase or sale on account of such principal.

44 Note of protest by the master of a ship.

46. Instrument of partnership.

47. Policy of insurance.

49. Promissory note.

50. Protest of bill or note, that is, any declaration in writing made by a notary public or other person lawfully acting as such attesting the dishonour of a bill of exchange or a promissory note.

51. Protest by the master of a ship, that is, a declaration of the particulars of a voyage drawn up by him with a view to the adjustment of losses, etc.

52. Proxy.

53. Receipt.

56. Respondentia bond, that is, an instrument securing a loan on the [illegible] ment contin-

[illegible] npanies Act, 1882.

60. Shipping order.

62. Transfer of—

(a) shares in an incorporated company or other body corporate ;

(b) debentures, marketable securities ,

(c) any interest secured by a policy of insurance, etc.

65. Warrant for goods.

ANNEXURE B.

[In lakhs of rupees]

Province	Personal Incomes assessed to Income-tax (a)			Estimate of Stamp revenue from Stamps to be centralised (c)	Assignment under Devolution Rule 15 (Average of last 2 years)	Other revenue assignments	Total of columns 5, 6 and 7	Income-tax on personal incomes at 3 pies in the rupee
	1925-26	1926-27	Average of 2 years					
1	2	3	4	5	6	7	8	9
Madras	19,42	20,53	19,98	26 84	2 92		29 76	31 22
Bombay	40,60	37,09	38,85	38 00		•	38 00	60 70
Bengal	28,74	29,46	29,10	42 00			42 00	45 47
United Provinces	13,89	13,67	13,78	7 00	01	(b) 62	7 63	21 53
Punjab	10,15	12,91	11,53	8 00	2 86	(b) 6 97	17 83	18 02
Burma	13,25	11,78	12,51	12 00	7 41		19 41	19 55
Bihar and Orissa	7,45	8,06	7,75	1 50	2 48	..	3 98	12 11
Central Provinces	6,76	7,27	7,02	2 00	1 83	.	3 83	10 97
Assam	3,30	3,19	3,25	·30	5 41	..	5 71	5 08

(a) These figures were specially obtained from the Commissioners of Income-tax

(b) Assignment for loss of still head duty

(c) Includes assignment on account of unified stamps.

ANNEXURE C.

INDIAN COURT FEES ACT, 1870.

Schedule I, Article 6.—These documents will become liable to stamp duty under the Indian Stamp Act, 1899, when the court fee is abolished.

Schedule I, Article 9.—This applies to the proceedings or orders issued by all officers in the Customs, Income-tax and Salt Departments.

Schedule II, Article 1 (a).—Customs officers specifically mentioned in clause (*a*) of Article (1). The term " Executive Officer " in paragraph 4 of this clause includes officers in the Income-Tax and Salt Departments.

Schedule II, Article 1 (*c*).—Under the Sea Customs Act of 1878 and the Income-tax Act of 1922, the Central Board of Revenue is a " Chief Controlling Executive Authority " and under the Salt Act of 1882 the Commissioner of Northern India Salt Revenue is a " Chief Controlling Executive Authority."

Schedule II, Articles 10(a) and 11 (a).—The term " Executive Officer " in these Articles includes all Customs, Income-tax and Salt Officials.

Schedule II, Articles 10 (c) and II (b).—These apply to the Central Board of Revenue or Commissioner of Northern India Salt Revenue, as the case may be

FROM THE FINANCIAL SECRETARY TO GOVERNMENT, CENTRAL PROVINCES, No. C. 101/823-B.—X, DATED PACHMARHI, THE 15TH OCTOBER 1927.

In reply to your letter No. F. 11-XII-F., dated 26th September 1927, I am directed by the Governor in Council to say that this Government accepts the proposals outlined in paragraph 7 of the letter under reference.

FROM G. T. BOAG, ESQ., I.C.S., SECRETARY TO THE GOVERNMENT OF MADRAS, NO 32383-ACCTS.—5, DATED FORT ST. GEORGE, THE 29TH OCTOBER 1927.

SUBJECT.—*Re-adjustments within the Meston Settlement—Reference letter from the Government of India, Finance Department, No. F.-11-XII-F., dated the 26th September 1927, and telegrams dated the 8th and 13th October 1927.*

In reply to the letter referred to above, I am directed to state that the Madras Government accept the several proposals, made by the Government of India which are summarised in paragraph 7 of their letter.

2. With reference to paragraph 5 of the letter, I am to state that the loss to Madras Provincial revenues on account of the proposed amendment of the Indian Court Fees Act so as to abolish the fees on all documents relating to proceedings before officers in the Customs, Income-tax and Salt Departments of the Government of India, will amount to about Rs. 20,000 per annum.

As regards paragraph 6 of India's letter, I am to state that no import duties under the provisions of the Forest Act are levied by the Madras Government on timber entering their territories from outside British India.

3. The Government of Madras note that the Government of India propose to give effect to the revised settlement with effect from the 1st April 1928, provided their financial position then permits of the final extinction of the Provincial contributions and also of the sacrifice of revenue involved in this and other schemes under contemplation.

FROM P. C. TALLENTS, ESQ., I.C.S , SECRETARY TO THE GOVERNMENT OF BIHAR AND ORISSA, NO. 10680-F., DATED PATNA, THE 23RD OCTOBER 1927.

I am directed to refer to Mr. Brayne's letter No F.-11-XII-F., dated the 26th September 1927, and to say that the opinion of the Government of Bihar and Orissa on the six points enumerated in paragraph 7 is as follows —

(1) The local Government have no objection to the transfer to the Central Government of the stamp duties on the documents specified in Annexure A.

(2) The local Government agree that for the Central Government to assign to each province a share of the income-tax at the rate of 3 pies in the rupee on personal assessable incomes from all sources of assessees resident within that province is a fair method of distributing between the provinces concerned the revenue which the Government of India propose to make over to them.

(3) If effect is given to this proposal the local Government agree to the abolition of the assignments under Devolution Rule 15 and of the revenue assignments which are not in the nature of payments for specific services rendered. In this connexion I am directed to say that the local Government do not desire to press the objection taken in my letter No. 3002-F.R., dated the 1st September 1927, written before Mr. Brayne's letter was received, regarding the withdrawal of the assignment for the refund of customs duty on Government stores.

(4) The local Government have no objection to the amendment of the Indian Court Fees Act, 1870, so as to abolish the fees on all documents relating to proceedings before officers of the Income-tax, Salt and Customs Departments of the Government of India.

(5) No import duty is levied under the Forest Act on timber brought into Bihar and Orissa from outside British India. The local Government have no objection to the abolition of such duties.

(6) It appears to be certain that in the case of Bihar and Orissa the proceeds of the 3 pies rate will substantially exceed the loss of provincial revenue that will result from the above proposals. This Government are not directly interested in the method of making good the deficits in the case of other provinces. They see however no objection to the Government of India's proposal.

FROM H. W. EMERSON, ESQ., C.I.E., C.B.E., I.C.S., SECRETARY TO GOVERNMENT, PUNJAB, FINANCE DEPARTMENT, NO. 27367-B., DATED LAHORE, THE 31ST OCTOBER 1927.

SUBJECT —*Re-adjustments within the Meston Settlement.*

I am directed to refer to Mr Brayne's letter No F.-11/XII-F., dated the 26th September 1927, on the subject, and to convey the views of the Governor in Council on the specific proposals which are summarised in para. 7 of the letter.

2. On the understanding that Provincial Governments will be adequately compensated for any loss of revenue that may occur, the Governor in Council has no objection to urge against the transfer of the stamp duties on the documents specified in Annexure 'A' from the Provincial Government to the Central Government; or against the amendment of the Indian Court Fees Act with the object stated in para 5 of the letter; or against the abolition of the import duties on timber as proposed in para. 6 of the letter.

3. I am to say, however, that he is unable to regard as equitable the change in the Meston Settlement which it is proposed to make in order to compensate the various provinces for the losses incurred. In the first place, he is not satisfied that the methods of calculation adopted adequately represent the financial effects that would follow the adoption of the proposals. He observes that the figures given in columns 4 and 6 of Annexure 'B' are based on the averages of two years only and he does not consider that a period of two years is sufficiently long on which to base proposals of so important a character. The data is not available by which the figures in column 4 of the Annexure can be checked, but the figure for the Punjab in column 6 is evidently the average of the two years 1924-25 and 1925-26, when the assignments amounted to 1·90 and 3·82 respectively. The assignment in 1924-25 was in fact much less than in any year since the Reforms and the average assignment is not less than Rs. 4 lakhs.

In the second place, the Governor in Council is unable to understand the reasons for the inclusion in the proposed settlement of the "other revenue assignments" shown in column 7 of the Annexure. While he is prepared to admit that there might be some advantage in merging such assignments into a general settlement if they were common to all provinces, and if a settlement could be reached which would leave the relative position of provinces practically unchanged he can see no justifi-

cation for their inclusion when they are peculiar to two provinces, in one of which the amount is small, and when their inclusion, instead of redressing the inequalities of the settlement, has the contrary effect of accentuating them. It would almost appear that they have been included in order to make good to the Government of India, at the expense mainly of the Punjab, some portion of the sacrifice of revenue which they propose to distribute to other provinces.

4. These, however, are matters of detail. A general ground of objection, and one to which the Governor in Council attaches much importance, is the fact that the proposals go far beyond the immediate objects tobe attained and involve a modification of the Meston Settlement with results that are very unequal for different provinces According *to the figures given in Annexure 'B,' the settlement proposed will result* in a gain of Rs. 22 lakhs to Bombay, of 14 lakhs to United Provinces, of 8 lakhs to Bihar and Orissa, of 7 lakhs to Central Provinces, of 3 lakhs to Bengal, with the prospect of a rapid increase, and of 1 lakh to Madras. Burma, Assam and the Punjab, on the other hand, will gain nothing. The settlement will involve an initial sacrifice by the Government of India of Rs 65 lakhs, and while the Governor in Council appreciates their willingness to make this sacrifice, he is strongly of the opinion that the distribution of surplus resources by the Central Government should be made in such a manner as to leave practically unchanged the relative financial position of the various provinces, and that it should not be made in such a way as to give marked preference to certain province. In particular, he is unable to appreciate the reasons for the preference which it is proposed to show to Bombay, or the principles on which it can be supported.

5. While, therefore the Governor in Council is prepared, to accept the proposals contained in sub-paras. (1), (4) and (5) of para 7 of the letter under reply, he is of the opinion that any consequential financial adjustments should be strictly confined to the grant of the necessary compensation to the various provinces, and, that therefore, since no other means of settlement appear to be practicable at the present time, the compensation should take the form of cash assignments. He considers that no other change should be made in the Meston Settlement, which should be left for examination by the Statutory Commission, to be appointed under section 84 (*A*) of the Government of India Act and before which the different provinces will presumably be given an opportunity of presenting their cases

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FROM G. WILES, ESQ., C.I.E., I.C.S., SECRETARY TO THE GOVERNMENT OF BOMBAY, FINANCE DEPARTMENT, NO. 5029—7616-A., DATED POONA, THE 1ST/2ND NOVEMBER 1927.

I am directed to reply to Mr. Brayne's letter No. F.-11/XII-F , dated the 26th of September last. The letter deals with two proposals :—

(*a*) the transfer of the revenue from certain heads of non-judicial stamps to the Central Government;

(*b*) reimbursement of provincial revenues by means of a flat rate on income-tax on personal assessable incomes.

The Government of India have now calculated that the revenue from stamp duties, which it was agreed in last year's conference to credit to central revenues, will amount to 38 lakhs; and they put forward the proposal that a flat rate of 3 pies on personal assessable incomes from all sources of assessees resident within the province should be given to the provinces. Further minor proposals are made to abolish existing assignments, and certain court fees and duties.

2. In regard to the minor proposals contained in sub-sections 3 and 4 of paragraph 7 of Mr. Brayne's letter, I am to say that the Government of Bombay accept these proposals In regard to the proposal to abolish duties on timber and other forest produce, I am to say that the Government of Bombay will address the Government of India separately on this question. The subject does not seem germane to the present discussion, and there seems no particular reason why it should be introduced into it. On the major proposals I am directed to make the following comments.

3. In regard to the figure of 38 lakhs, the estimated figure of the stamp revenue to be surrendered, I am to say that the Government of Bombay wish to be enlightened further regarding the method by which the figure has been arrived at. In our letter No. 5007-A., dated 19th May 1927 we divided the instruments concerned into two classes :—

(*a*) documents now reserved for central legislation; and

(*b*) other documents which for administrative and other reasons should be attached to the Central Government.

The estimate of the revenue in class (*a*) was in

1924-25	35½ lakhs, and in
1925-26	32½ lakhs.

and we stated that the Superintendents of Stamps reported that they had no means of estimating receipts from class (*b*). The estimate of 38 lakhs now given by the Government of India implies that the total revenue estimated to be received from class (*b*) does not exceed from 3 to 5 lakhs. In the absence of any detailed statement it is inevitable for the Government of Bombay to feel doubt about the accuracy of the estimate.

4. I come now to the question of "personal incomes." Mr. Brayne's letter estimates the average of personal incomes assessed to income-tax for the past two years at 38 crores. No information is given in Mr. Brayne's letter as to the method followed in calculating this figure; and I am instructed to put forward certain considerations which have led the Government of Bombay to believe that the calculations cannot be accepted. I attach a statement containing for the three years 1923-24 to 1925-26 the figures of personal incomes as given by the Government of India, and the figures of income as given in the Income-Tax returns Nos. III and IV. It will be seen that in 1923-24, the total assessed

income was 216 crores, while the personal income as calculated by the Government of India was 126 crores. In 1924-25 the figures are 189 and 132 crores; and in 1925-26 197 crores and 143 crores (It may be noted in passing that in 1923-24 the figure of personal incomes was very considerably less than the income given in return No IV, a fact which is explicable on the assumption that the incomes given in return No IV must all be "personal income"). In the next place there is a difference between the total personal income and the total assessed income of not less than 90 crores in 1923-24; 57 crores in 1924-25, and 54 crores in 1925-26. Now if we follow the definition of "personal income" which was given by the Taxation Enquiry Committee the figures of personal income should be those calculated from the returns submitted under section 22 (2) of the Income Tax Act, and in consequence the total of the personal incomes of the provinces should be equal to the total assessed incomes as given in returns III and IV after making allowance for the incomes of foreigners and undistributed profits It seems open to grave doubt that the differences of 90 57 and 54 crores, which I have given above, should be accounted for entirely by the income of foreigners and undistributed profits.

5 This illustrates the difficulty which the Government of Bombay have in arriving at an opinion on the proposals put forward. The figure of personal income as calculated by the Government of India is at the most 80 per cent. and at the worst 70 per cent. of the total assessed income in the years for which the Government of India have given as figures and it is evident that in better years the percentage would be even less. On the one side, therefore, we have a doubtful figure for the income to be surrendered by the local Government of 38 lakhs It may be added that this figure apparently ignores the prospect of increasing revenue under this head from items such as the taxation on stock exchange transactions which have been recommended by the Taxation Enquiry Committee and to which the representatives of this Government drew special attention at the time of the discussion last year. On the other side we have extremely doubtful calculation of the figure of "personal incomes."

6. In the opinion of the Government of Bombay this difficulty of calculating the tax derived from personal incomes to be recurring; and always to be a bone of contention between the Central Government and the provinces. And it must not be forgotten that the administration of Income Tax is entirely under the control of the Central Government. I am to say, therefore, that the Government of Bombay consider it to be essential, before they can agree to these proposals, that a satisfactory method of calculating personal incomes should be determined; and they prefer the alternative, which will avoid the possibility of constantly recurring friction, of basing the distribution of the income tax, not on personal incomes, but on total assessed income. It may indeed be claimed that this will unduly favour the industrial provinces at the expense of the agricultural provinces; but it may be answered that the

benefit is not great and is more than off-set by the disability under which the industrial provinces have suffered since the introduction of the Meston Settlement.

7. On the question of the proposed flat rate of 3 pies, I am instructed to repeat the proposal made last year by the Government of Bombay that the share of the provinces should be calculated not on a flat pie rate, but on a graduated pie rate as recommended by the Taxation Enquiry Committee. It is an admitted fact that only by a graduated pie rate can industrial provinces have a fair share in the growing prosperity of their own industries

8. Finally the Government of Bombay would press for a share in the super-tax as being the only way in which the industrial provinces can fully share in the prosperity of their province. And in this connection I am to point out that, while in 1926-27 the super-tax was 72 lakhs, in 1921-22 it amounted to not less than 347 lakhs. It should not be difficult to devise a method of a graduated rate similar to that which we have recommended in the case of income-tax.

9. The Government of Bombay find it necessary to refer again to what they said in their letter last year in bringing to the notice of the Government of India the acute financial position of this province. Since then the Accountant General and the Auditor General have again commented on the inability of the Bombay Government to meet the whole of their statutory obligations from their ordinary net revenues. In revising the Accountant General's report, the Finance Department of this Government has come to the conclusion that they are working under a permanent revenue deficit of not less than 40 lakhs. Part of this will indeed disappear with the final remission of the provincial contribution, but the province will still be left with a deficit and with no margin whatever for the expansion of nation building activities. They cannot avoid the conclusion that the proposal of the Government of India to give a flat rate of 3 pies on personal assessable incomes, the total of which is so much less than the figure of total assessed incomes, is unlikely to prove satisfactory.

Statement showing personal income figures of Government of India, assessed income under Return III, Return IV and total assessed income.

	1923-24				1924-25				1925-26.			
	Personal income figures of Govt of India.	Return IV	Return III	Total Return III & IV.	Personal income figures of Govt of India	Return IV	Return III	Total Return III & IV	Personal income figures of Govt of India.	Return IV.	Return III.	Total Return III & IV.
Madras	15,73	24,69	4,11	28,80	17,41	19,46	3,42	22,88	19,42	21,03	3,63	24,66
Bombay	40,53	39,30	18.83	58,13	40,05	39,58	9,62	49,20	40,60	39,08	8,86	47,94
Bengal	25,33	26,17	figures not available		24,94	25,08	22,05	47,13	28,74	25,70	25,60	51,30
United Provinces	12,80	11,20	2,96	14,16	13,19	11,23	2,19	13,42	13,89	11,72	2,22	13,94
Punjab	7,62	13,47	90	14,37	9,11	12,31	67	12,98	10,15	12,95	1,06	14,01
Burma	10,08	11,90	6,89	18,79	10,83	14,51	7,81	22,32	13,23	15,92	8,54	24,46
Bihar and Orissa	6,62	8,04	18	8,22	7,20	7,92	28	8,20	7,45	7,80	20	8,00
Central Provinces	5,59	7,24	1,14	8,38	6,54	6,80	97	7,77	6,76	6,79	78	7,57
Assam	2,21	2,90	1,89	4,79	2,75	3,23	2,44	5,67	3,30	3,52	1,99	5,51
TOTAL	1,26,51	1,44,91	71,45	2,16,36	1,32,02	1,40,12	49,45	1,89,57	1,43,56	1,44,51	52,88	1,97,39

FROM J. A. WOODHEAD, ESQ., I.C.S., SECRETARY TO THE GOVERNMENT OF BENGAL, NO. 6681-F.B., DATED CALCUTTA, THE 7TH NOVEMBER 1927.

Readjustment of Revenue between Central and Provincial Governments within the Meston Settlement.

I am directed to acknowledge the receipt of your letter No. F. 11-XII—F, dated the 26th September 1927. The Government of India in Mr. Juke's letter No. F. 116 (V)-F.—26 of the 13th August 1926, acting on the recommendations of the Indian Taxation Enquiry Committee as to the theoretical correct distribution of the proceeds of taxation between Imperial and Provincial, made certain provisional proposals in connection with the transfer of non-judicial stamps to the Central Government and the re-imbursement to the provincial Governments of the loss in revenue sustained by that transfer. In view of the criticisms made and the objections raised to the scheme as then formulated, the Government of India have re-examined the subject, and in your letter under reference the opinion of the local Government is sought on the final proposals of the Government of India.

2. Before dealing with the specific proposals on which the opinion of the local Government is desired, I am directed to suggest that the sequence of events and the summary of the conclusions, as described and stated in paragraph 1 of your letter under reference, are not strictly accurate. The Sub-Committee of the Conference of Financial Representatives, held in November 1926, did not consider the objections raised to the original scheme and the alternatives proposed by provincial Governments in their replies to Mr. Juke's letter No. F. 116 (V)-F.—26 of the 13th August 1926. The Government of India had, prior to the Conference, revised their proposals in the light of the severe criticisms to which the original scheme had been subjected by the provincial Governments, and the Sub-Committee was appointed not to examine these objections and alternatives, but to examine certain questions arising out of the revised p[illegible] and 13 of the p[illegible]. It is not, therefore, strictly accurate to state, as has been stated in the letter under reference, that the Sub-Committee examined at considerable length the objections raised and the alternatives proposed by the provincial Governments. I am also to suggest that the conclusions which were embodied in a series of propositions did not emerge from the discussions of the Sub-Committee or the Conference. This series of propositions was placed before the Conference for the first time on the 17th November 1926, and it was understood that they embodied the views of the President of the Conference. They were discussed by the Conference, and, subject to very important reservations made by certain provincial Governments, were agreed to. General proposition No. 2, as agreed to by the Conference, laid down that it was desirable that a new formula should be found to replace Devolution Rule 15 of such a character as to give each province an interest in receipts from taxes on income

which will reflect the growing prosperity of the province as measured by assessment. In summarising the conclusions the letter from the Government of India omits all reference to this very important conclusion and elevates the proviso to general proposition No. 2 to the position of the chief characteristic of the new formula It is true that general proposition No 5 does not embody the main decision contained in general proposition No 2, but one proposition cannot be divorced from the others, proposition No 5 did not, and was not intended to override proposition No 2, and all that proposition No. 5 did was to emphasise the fact that no province should be an actual loser by the formula which was to replace Devolution Rule 15. The local Government, therefore, direct me to suggest that paragraph 2 of the conclusions, as summarised in the letter under reference, fails to reflect the conclusion agreed to at the Conference, in so far as it does not mention the fundamental condition to be fulfilled by the new formula.

3 The local Government accept in principle the proposal that the stamp duties on the commercial documents specified in annexure A to your letter under reference should be transferred from the provincial Governments to the Central Government and will raise no objection to the proposal becoming an accomplished fact provided the financial rearrangements which must inevitably accompany that transfer, are acceptable to the local Government If the attendant financial changes are, however, such as cannot be accepted by the local Government, this Government will be compelled to object to the transfer of any portion of the revenue from non-judicial stamps from the provincial Governments to the Central Government

4 Before proceeding to examine in detail the formula which it is proposed shall replace Devolution Rule 15, the Governor in Council desires to draw attention to the general financial results of the proposals now made by the Government of India, because he is of opinion, that, without proceedings into details, the general financial result is of such a character as to render it impossible for this Government to accept the new formula

The net financial result of the proposed changes is the surrender by the Government of India of revenue amounting to Rs. 56½ lakhs for distribution among the provinces, and it is estimated that this total addition to provincial revenues will be divided among the provinces as follows :—

	(In lakhs of rupees.)
Madras	1,46
Bombay	22,70
Bengal	3,47
United Provinces	13,90
Punjab	19
Burma	14
Bihar and Orissa	8,13
Central Provinces	7,14
Assam	—63

of Rs. 3½ lakhs is no relief worthy of the name; this, however, is not all, as against an increase of revenue of Rs 3½ lakhs to Bengal, Bombay obtains a net increase of over 22 lakhs, the United Provinces nearly 14 lakhs, Bihar and Orissa over 8 lakhs and the Central Provinces over 7 lakhs. The scheme, therefore, instead of assisting towards the removal of Bengal's financial difficulties, only increases the disparity of treatment by giving larger increases in revenue to other provinces. In view of the pronouncement of Sir Malcolm Hailey in 1921, of the history of Bengal's financial position under the Reforms, and of the consistent attitude adopted by the local Government towards the revision of the Meston Settlement, such proposals are not acceptable to this Government and on these grounds alone the Governor in Council is obliged to decline to agree to them.

5. The new formula to replace Devolution Rule 15 must, in accordance with the propositions agreed to at the Conference of Financial Representatives of November 1926, fulfil two conditions :—

(a) It has to give to each province such an interest in the receipts from income-tax, over and above that required to balance the loss consequent on the transfer of the revenue from non-judicial stamps on certain commercial document to the Central Government and the abolition of certain assignments at present received by the local Government from Central revenues, as will reflect the growing prosperity of the province as measured by assessment

(b) The minimum share obtained by each province must not be less than the assignment it would receive, or expect to receive, under Devolution Rule 15 as it now stands, *plus* the loss of stamp revenue and other assignments.

Devolution Rule 15 was introduced by the Select Committee of the House of Commons because it was recognised that the allocation of the entire receipts from the land revenue to the provinces and the entire receipts from income-tax to the Central Government would penalise the industrial provinces of Bengal and Bombay to the benefit of the agricultural provinces. Devolution Rule 15, therefore, was framed with the object of benefiting these two provinces and of giving to them shares in the income-tax receipts larger than those to be drawn by the predominantly agricultural provinces Unfortunately, Bengal and Bombay are the only two provinces which have not benefited by Devolution Rule 15, whereas the other provinces, for whose benefit the rule was not introduced, have gained varying amounts of revenue. In short, Devolution Rule 15 has given nothing to those for whose benefit it was introduced and has benefited those for whose benefit it was never intended. The Governor in Council believes that the inequitable manner in which the rule has worked is beyond question; but if further proof is required, reference may be made to the terms of reference by which the Indian Taxation Enquiry Committee were specifically asked to examine the working of Devolution Rule 15 and to Sir Basil Blackett's

speech in the Legislative Assembly on the 7th March 1925. The primary object, therefore, of the substitution of a new formula for Devolution Rule 15 is the allocation to the important industrial provinces of Bengal and Bombay of a net share in the receipt from income-tax commensurate with their commercial activities and with the revenue derived from income-tax and super-tax assessed on the profits from commerce earned within their borders. The words "net share" have been used intentionally and are interpreted as meaning the gross share of *the receipts from income-tax, less the amount, required to recoup* the provinces for the loss of revenue consequent on the transfer of the revenue from certain non-judicial stamps and the abolition of certain other assignments. If the new formula does not produce this financial result, the formula is defective and should be rejected. The following figures give the net assignments from the income-tax receipts which the provinces are estimated to obtain on the basis of the figures for the two years 1925-26 and 1926-27 —

(In lakhs of rupees)

—	Net assignments from income-tax receipts according to the new formula	Total gross collections in each province during the year 1925-26 on account of income-tax and super-tax
Madras	4,38	1,50,25
Bombay	22,70	3,80,25
Bengal	3,47	6,23,79
United Provinces	13,91	88,14
Punjab, including North-West Frontier Province	3,05	82,25
Burma	7,55	2,22,19
Bihar and Orissa	10,61	41,86
Central Provinces	8,97	48,74
Assam	4,78	43,52

The Governor in Council is of opinion that the above figures approve beyond doubt that the new formula will not produce the desired financial result. A formula which, in view of the admitted relative importance from the industrial point of view of the provinces, gives the lowest assignment but one to Bengal and, as against Rs. 3½ lakhs to Bengal, gives Rs. 14 lakhs to the United Provinces, Rs. 10½ lakhs to Bihar and *Orissa and Rs. 9 lakhs to the Central Provinces, stands self-condemned.*

6. The Government of India admit that the initial benefit to Bengal is not very considerable. The local Government consider that this is

an understatement of the case, but take it as an admission that the Government of India appreciate that the immediate financial result of the formula will be inequitable to Bengal. The Government of India, however, do not consider that the inequitable character of the immediate result is fatal to the scheme on the ground that the improvement which the Central Board of Revenue expect to effect in the income-tax administration in Bengal, combined with a general improvement in trade will enable Bengal to enjoy a much larger and increasing benefit from the proposed formula The Governor in Council regrets that he must defin[illegible] the Government of India and [illegible] otherwise of the new assig[illegible] of present day actuals and not on indefinite estimates based upon possible improvements in administration and a problematical improvement in trade. Further, in so far as the improvement in trade is concerned, the Government of Bengal fail to understand why Bengal should be expected to receive from improved trade an increase proportionately greater than that likely to be obtained by other provinces. On the contrary, compared with the province of Bombay, the exact opposite is the more likely result as illustrated by the collection in Bombay and Bengal during the four years ending 1925-26—

INCOME-TAX.

(In thousands of rupees)

——	1922-23	1923-24	1924-25.	1925 26
Bengal . .	3,29,61	3,47,82	3,30,66	3,74,17
Bombay	5,08,91	3,98,55	3,10,12	2,91,87

SUPER-TAX.

(In thousands of rupees)

Bengal	2,57,37	2,60,60	2,19,74	2,49,62
Bombay . . .	2,98,25	1,97,99	1,27,37	88,38

7 In paragraph 3 of the letter under reference the Government of India examine the manner in which the assignment from the revenue derived from income-tax should be distributed among the provinces and arrive at the conclusion that the only practical way will be to base the distribution on a flat rate on the personal incomes of the assessees from all sources. The possible methods of distribution were examined by the Taxation Enquiry Committee and they were of opinion that in theory the scheme of division should give due weight to the principle of origin as well as to that of domicile The question of the relative weight to

speech in the Legislative Assembly on the 7th March 1925. The primary object, therefore, of the substitution of a new formula for Devolution Rule 15 is the allocation to the important industrial provinces of Bengal and Bombay of a net share in the receipt from income-tax commensurate with their commercial activities and with the revenue derived from income-tax and super-tax assessed on the profits from commerce earned within their borders. The words "net share" have been used intentionally and are interpreted as meaning the gross share of the receipts from income-tax, *less* the amount, required to recoup *the provinces for the loss of* revenue consequent on *the transfer of the* revenue from certain non-judicial stamps and the abolition of certain other assignments. If the new formula does not produce this financial result, the formula is defective and should be rejected. The following figures give the net assignments from the income-tax receipts which the provinces are estimated to obtain on the basis of the figures for the two years 1925-26 and 1926-27 :—

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Bihar and Orissa	10,61	41,86
Central Provinces	8,97	48,74
Assam	4,78	43,62

The Governor in Council is of opinion that the above figures approve beyond doubt that the new formula will not produce the desired financial result A formula which, in view of the admitted relative importance from the industrial point of view of the provinces, gives the lowest assignment but one to Bengal and, as against Rs. 3½ lakhs to Bengal, gives Rs. 14 lakhs to the United Provinces, Rs. 10½ lakhs to Bihar and Orissa and Rs. 9 lakhs to the Central Provinces, stands self-condemned.

6. The Government of India admit that the initial benefit to Bengal is not very considerable. The local Government consider that this is

an understatement of the case, but take it as an admission that the Government of India appreciate that the *immediate financial result* of the formula will be inequitable to Bengal. The Government of India, however, do not consider that the inequitable character of the immediate result is fatal to the scheme on the ground that the *improvement* which the Central Board of Revenue expect to effect in the income-tax administration in Bengal, combined with a general improvement in trade will enable Bengal to enjoy a much larger and increasing benefit from the proposed formula The Governor in Council regrets that he must definitely disagree with the arguments used by the Government of India and would suggest that the *equitable* character or otherwise of the new assignment should be judged solely on the basis of present day actuals and not on indefinite estimates based upon possible improvements in administration and a problematical improvement in trade. Further, in so far as the improvement in trade is concerned, the Government of Bengal fail to understand why Bengal should be expected to receive from improved trade an increase proportionately greater than that likely to be obtained by other provinces. On the contrary, compared with the province of Bombay, the exact opposite is the more likely result as illustrated by the collection in Bombay and Bengal during the four years ending 1925-26 -

INCOME-TAX

(In thousands of rupees)

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Bengal .	3,29,61	3,47,82	3,30,66	3,74,17
Bombay	5,08,91	3,98,55	3,10,12	2,91,87

SUPER-TAX.

(In thousands of rupees.)

Bengal . . .	2,57,37	2,60,60	2,19,74	2,49,62
Bombay	2,98,25	1,97,99	1,27,37	88,38

7 In paragraph 3 of the letter under reference the Government of India examine the manner in which the assignment from the revenue derived from income-tax should be distributed among the *provinces and* arrive at the conclusion that the *only* practical way will be to base the

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... Enquiry Committee *and they* were of opinion that in theory the scheme of division should *give due weight* to the principle of origin as well as to that of domicile. The question of the relative weight to

be attached to origin and domicile was examined by a committee of eminent economists appointed by the League of Nations and they drew up a classification as regards each category of wealth showing where the economic allegiance lay in a preponderating degree *vide* paragraph 534 of the Taxation Enquiry Committee's report. The Taxation Enquiry Committee made several attempts to devise a scheme based upon the classification prepared by the committee of eminent economists, that is, a scheme which would give the proper relative weight to origin and domicile. They, however, failed and came to the conclusion that the only possible method was to base the distribution primarily on the principle of domicile. The Committee did not attempt to justify this departure from theory on the ground that the financial result would still be equitable as between province and province; on the contrary, they appear to have been convinced that this departure would produce inequitable results because they recommended that, in order to give a *partial* recognition to the principle of origin, each province should be given small portion of the receipts of super-tax on the profits of companies The local Government would draw particular attention to the use of the word "partial" by the Committee, as it points to the conclusion that the Committee realised that their system, modified so as to give small portion of the receipts from the companies' super-tax to the provinces, was defective in theory in so far as it did not give full and proper weight to the principle of origin. The Government of India have examined the Committee's scheme and have come to the conclusion that it is impossible to give each province any share in the receipts from companies' super-tax, because, of the practical difficulties in making the preliminary adjustments of the collections of each province to meet the case of the profits earned in several provinces but taxed only in one, which are considered essential for an equitable distribution. The Government of India have, in view of these practical difficulties, abandoned all attempt to give the provinces a share of the companies' super-tax and have decided to effect the distribution solely on the principle of domicile, giving no weight whatsoever to the principle of origin. The scheme adopted by the Government of India, therefore, involves an even greater departure from a theoretical correct distribution than the scheme put forward by the Taxation Enquiry Committee.

8. The local Government understand that the Government of India do not attempt to claim that their scheme is theoretically and scientifically accurate; the Governor in Council is of opinion, however, that the scheme departs more radically from a theoretically correct distribution than a mere perusal of the letter from the Government of India would lead one to suppose, and he desires to draw particular attention to the fact that the scheme propounded by the Government of India suffers from the fundamental defect that it gives no weight whatsoever to the principle of origin. The Governor in Council is of opinion that it will not be possible to accept any scheme which involves important departures from theoretically principles until it is established that the financial results still remain equitable, in spite of the sacrifice of those

principles. The local Government appreciate the practical difficulties in applying theoretical principles to the division of income-tax, but they cannot admit that the existence of these difficulties can justify the adoption of a system which will produce an obviously inequitable distribution. If practical difficulties compel a radical departure from theoretically correct principles, the financial effect of that departure should be examined on broad general lines and, if the result is obviously inequitable the system should be abandoned. The Governor in Council has dwelt on the inequitable character of the financial results in paragraph 5 of this letter and is of opinion that the inequitable result produced by the system proves that the system is too far removed from a scientifically accurate system to warrant its adoption.

9. The Government of India have rejected the proposal of the Taxation Enquiry Committee to give the provinces a share in the super-tax on companies, because they found it impossible to make the preliminary adjustments of the collections in each province to meet the case of profits earned several provinces but taxed only in one. The following figures give the gross collections on account of super-tax on companies in the provinces during the years 1922-23 to 1925-26 :—

—	1922-23	1923-24	1924-25	1925-26.
	Rs	Rs	Rs.	Rs.
Madras	16,76,980	23,55,661	15,34,873	15,14,711
Bombay	1,50,78,575	96,96,316	51,37,013	38,07,213
Bengal.	1,22,06,211	1,29,83,059	1,20,16,398	1,40,12,570
United Provinces	20,22,871	15,34,074	11,30,218	12,12,285
Punjab	2,09,457	5,20,917	3,86,382	4,03,427
Burma	39,34,672	44,46,371	43,48,547	50,38,068
Bihar and Orissa	35,717	38,920	93,386	15,635
Central Provinces	7,27,842	6,34,041	5,65,412	4,57,854
Assam	91,274	4,68,193	10,03,898	8,02,172

The collections in Bombay, Bengal and Burma are so large, as compared with those in other provinces, that the conclusion appears in [illegible]

[illegible]

share of the companies' super-tax penalises very heavily [illegible] provinces any provinces and weights the distribution unfairly in favour the industrial of the agri-

cultural provinces. The Governor in Council is of opinion that this course is inequitable and should not be followed unless the practical difficulties are insuperable. The Government of India have decided that the preliminary adjustments are impossible, because these adjustments *would have to be based on assumptions of an extremely hypothetical* character. The local Government agree that it will be impossible to conduct the adjustments *strictly according to scientific methods, but* the Governor in Council is not satisfied that methods of adjustment, which will on the whole be fairly equitable, cannot be devised for practically all cases Some cases may offe exceptional difficulties, but it is unlikely that the total income involved in these cases will be sufficient to upset the equitable character of the ultimate financial result. The Governor in Council is strengthening in this view by two circumstances. First, a working agreement has been arrived at between the Government of Bengal on the one head and the Governments of Assam and Bihar and Orissa on the other for the distribution of the profits of mining and tea companies. Secondly, the amount of income in the commercial provinces, as regards which there can be no doubt, is so large, as to render it unlikely that a rough and ready method of distributing the balance would render the ultimate result grossly inequitable.

10 The Government of India also considered the possiblity of giving the provinces the proceeds of a flat rate on personal incomes *plus* personal super-tax incomes, but decided that this was not desirable; not because the system afforded any practical difficulties, but because Bombay and Bengal would under such a formula lose instead of gain, owing to the fact that the initial pie rate would be lower if super-tax incomes were added to the ordinary incomes This decision is said to be based upon actual statistical investigations. Unfortunately, the statistical results of the investigations have not been given in your letter under reference and the local Government are, therefore, not in a position of offer any opinion on the decision arrived at by the Government of India. In view of the infinitesimal benefit likely to accrue to Bengal under the Government of India's scheme, the Governor in Council finds it difficult to appreciate how Bengal would be worse off.

11. The Indian Taxation Enquiry Committee recommended that the distribution should be made on a basic rate graduated proportionately to the general rate. The Government of India in their letter No. F.-116 (V)-F.—26 of the 13th August 1926, expressed the opinion that the adoption of a graduated rate would be inconvenient from the point of view of both the Central and the Provincial Governments, since it would create difficulties in the event of a decision to alter the rates or to adopt a new system of graduation and suggested the adoption of a flat rate. *The local Government in their letter No. 1453-T.—F.B. of the 2nd* October 1926, agreed to the suggestion of a flat rate. The Governor in *Council has re-examined this question and after further consideration*, has decided that a flat rate will be unsuitable as likely to penalise the commercial provinces and favour the agricultural provinces in the

scheme of distribution. Under the ideal system of distribution the amount allocated to each province should bear approximately the same *proportion to the contribution made by each province by way of income-*tax and super-tax to the Central revenues. So long, however, as income-tax and super-tax are realized at varying rates on different classes of income, it is obvious that the ideal distribution will not be attained by a flat rate on incomes because, the flat rate will favour those provinces in which incomes are on a generally lower level. The statistics given at the close of this paragraph point to the conclusion that this bias will once again be in favour agricultural provinces and to the disadvantage of the industrial provinces and the Governor in Council finds it, therefore, impossible to accept the proposal of a flat rate He is of opinion that if the industrial provinces are not to be penalised, it will be essential to adopt the proposal of the Taxation Enquiry Committee of a basic rate graduated according to the general rate—

1925-26.

(In thousands of rupees)

	Total assessed income	Gross collections.		Total
		Income-tax.	Super-tax.	
Madras	25,45,51	1,27,35	22,90	1,50,25
Bombay	51,08,08	2,91,87	88,38	3,80,25
Bengal.	52,19,54	3,74,17	2,49,62	6,23,79
United Provinces	14,31,48	70,66	17,48	88,14
Punjab, including North-West Frontier Province	16,64,22	75,09	7,16	82,25
Burma.	24,63,50	1,62,24	59,95	2,22,19
Bihar and Orissa	8,39,16	37,40	4,46	41,86
Central Provinces	7,90,95	38,73	10,01	48,74
Assam	5,61,84	35,25	8,27	43,52

12. The Governor in Council is of opinion that no sheeme which fails to give due weight to the principle of origin will ensure an equitable distribution of the total assignment from income-tax. The relative weight to be given to domicile and origin, and the exact manner

obtained by brushing aside these difficulties and basing the distribution on a system which deliberately gives no weight whatsoever to origin.

ment, has dominated the whole political outlook in Bengal since the introduction of the Reforms, and in the opinion of the Governor in Council has added greatly to the difficulties experienced in working those Reforms. Further, the urgent necessity of an early revision of that Settlement has formed the subject of resolutions tabled at almost every session of the Legislative Council. The admission of the Government of India that the revenue allotted to Bengal was not sufficient to carry on the ordinary administration of the province has naturally created hopes that the first revison of the financial settlement will take the form of the grant to Bengal of substantial financial relief designed to redress the injustice done by the Meston Seettlement. If the first revision of the Settlement, on the contrary, gives no relief to Bengal, but favours other provinces which have already benefited greatly by the Meston Settlement, that announcement will be received by the people of Bengal with extreme dissatisfaction and a serious political situation will arise. The Governor in Council can only contemplate with dismay the prospect of having to meet the Legislative Council on the publication of the scheme as now formulated by the Government of India, and has no doubt but that the activities of the Legislative Council in the exasperated state of mind produced by the announcement would be seriously enbarrassing to the local Government and to the Government of India

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LETTER FROM N. S. CROSTHWAITE, ESQ., C.I.E., I.C.S., M.L.C., SECRETARY TO THE GOVERNMENT OF THE UNITED PROVINCES, NO. B.-7203-X.-L., DATED LUCKNOW, THE 2ND NOVEMBER 1927.

SUBJECT.—*Readjustments within the Meston Settlement.*

I am directed to reply to Mr. Brayne's letter No. F.11/XII—F., dated 26th Spetember 1927, on the above subject.

2. The main proposals consist of the transfer to the Central Government of stamp duties on certain specified documents which are of a commerical or quasi-commercial character, and the grant of compensation to provincial revenues in the form of a share of the income-tax at the rate of three pies in the rupee on personal assessable incomes from all sources of assessees resident within a province. The Governor in Council welcomes this change. He accepts the estimate of Rs. 7 lakhs

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exceed Rs. 21½ lakhs. There are however certain points which call for remark.

3. Annexure A to Mr. Brayne's letter describes articles 62(c) as "any interest secured by a policy of insurance, etc." That article deals with the transfer of any interest secured by a bond, mortagage deed or policy of insurance. But in paragraph 1(1) of the letter the Government of India state that provinces will retain conveyances, mortgages,

leases and other important revenue yielding items, which leads the Governor in Council to infer that there is an inadvertent error in describing article 62(c). That should read as follows :—" any interest securred by a policy of insurance ; " and the point may be noted for correction when final action is being taken.

4. Under the new arrangement the Central Government will receive the revenue from embossing receipt forms. In the letter under reply however no mention is made of the charges on embossing, which clearly will become central with the transfer of this class of receipt. The Governor in Council presumes that the Government of India prefer that the existing arrangements for embossing should continue, the provincial government being reimbursed by central revenues the expenditure incurred, inclusive of a percentage for superior supervision.

5 When the changes are being brought into operation, the Government of India will doubtless issue detailed instructions to give effect to them In the opinion of the Governor in Council a provincial government should continue to be responsible for the administration of the stamp law in its application to the instruments selected for transfer ; and should therefore not only arrange for the supply of central stamps but also be responsible for detecting evasions of duty, for recovery of deficit duty and penalty, and for prosecution of offences against the stamp law in respect to central documents. In return for this service a provincial government should retain any deficit duty, penalty or fine that may be recovered through its agency A separate agency will be uneconomical and less effective and will give rise to much public inconvenience If however the Government of India do not accept this view and propose some other system for administering the Stamp Act in relation to the documents selected for transfer, the Governor in Council hopes that he will be consulted before a decision is reached.

6. As to the minor consequential changes this Government have no objection to offer to the following .—

(1) the abolition of the assignments under Devolution Rule 15 and other revenue assignments which are not in nature of payments for specific services rendered ; and

(2) the amendment of the Indian Court-fees Act, 1870, with a view *to the abolition of fees on all documents relating to proceed*ings before officers of the Income tax, Salt and Customs Departments of the Government of India.

There remains the suggestion that import duties levied under the Forest Acts on timber coming into a province from outside British India should be abolished. The remarks in the succeeding paragraph deal with this proposal

7. In paragraph 6 of Mr. Brayne's letter the Government of India observe that the revenue from import duties amounted to an average of Rs. 38,000 in this province and suggest that the administrative justification for their continuance should be re-examined. At the same

time the Government of India consider it desirable to delete from the respective Acts the power given to levy import dues unless such a course would cause serious administrative inconvenience. The only produce that enters the United Provinces from outside British India is that which comes from Nepal into the Eastern circle, chiefly in the Gonda and Bahraich divisions. This produce is admitted into the reserved forests on the issue of a pass, for which a nominal fee is levied. These fees, however, are not import duties, but are a necessary part of the procedure under section 41(*c*) of the Indian Forest Act. If forest produce (whether from a foreign country or a private forest) is allowed to pass through a reserved forest uncontrolled, it will be open to any one to misappropriate government forest produce and allege that it came from another source. Apart from the loss to provincial revenues, this will cause constant friction. Therefore to avoid friction and to safeguard provincial interests a system of passes and fees was introduced some years ago in agreement with the Nepal Darbar. The Governor in Council considers it essential to retain the present system to which no objection has been received from traders in the past ten years. The Government of India are under a misapprehension in stating that the income from import duties average Rs. 38,000 a year. That figure, evidently taken from the annual accounts, represents receipts under the head VIII-C—Revenue derived from forests not managed by Government (duty on foreign timber and other forest produce). The receipts, however, from the particular registration fees on Nepalese imports average only Rs 406 a year and scarcely suffice to cover the expenses incurred.

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LETTER FROM THE SECRETARY TO THE GOVERNMENT OF BURMA, FINANCE DEPARTMENT, NO. 179-26, DATED RANGOON, THE 8TH NOVEMBER 1927.

SUBJECT.—*Re-adjustment within the Meston Settlement—Stamp Revenue and Income-tax.*

I am directed to reply to the Hon'ble Mr. Brayne's letter No. F.-11-XII-F., of the 26th September 1927, inviting the opinions of Provincial Governments on certain proposals which are summarised in paragraph 7 of the letter.

2. The Governor in Council accepts proposals (1), (3) and (4) that—

"Stamp duties on the documents specified in Annexure A should be transferred to the Central Government";

"The assignments under Devolution Rule 15 and other revenue assignments, which are not in the nature of payments for specified services rendered, should be abolished"; and that

"The Indian Court Fees Act, 1870, be amended so as to abolish the fees on all documents relating to proceedings before officers of the Income-tax, Salt and Customs Departments of the Government of India".

3. The Local Government understands that the Government of India do not intend to apply to Burma proposal (5)—that " The import duties levied under the Forest Acts on timber coming into a Province from outside British India should also be abolished."

4. Proposals (2) and (6) deal with Income-tax. It is suggested that—

" (2) The Provinces should be given a share of the income-tax at the rate of three pies in the rupee on personal assessable incomes from all sources of assessees resident within the Province "; and that

" (6) If, in the case of any Province, the proceeds of the three pie rate are less than the loss of revenue from (1), (3) (4) and (5), the difference should be made good by means of an assignment from Central Revenues until the question of the future financial relations between the Central Government and the Provincial Governments is settled after enquiry by the Statutory Commission ".

The statement marked Annexure B which is appended to Mr. Brayne's letter indicates that, taking the average of the personal incomes assessed to income-tax in Burma during the two years 1925-26 and 1926-27, the application of the proposal would involve an assignment of Rs. 19,55,000 or Rs 14,000 more than the sum of the Government of India's estimate of the receipts from stamps which it is proposed to centralise and the average of the last two years' assignments under Devolution Rule 15. The Government of India were informed in this Government's telegram of the 25th April 1927 that it was impossible to give even an approximate estimate of the revenue from the former source ; His Excellency in Council is therefore unable to form any opinion regarding the adequacy of the estimate of Rs. 12 lakhs on which the Government of India have based the calculation. Further he is not clear how the Central Government have arrived at the figure (Rs. 7,41,000) which appears in the statement as the average amount of the assignment for the last two years under Devolution Rule 15. If the two years referred to are the years 1925-26 and 1926-27 the average is Rs 11,58,603 as shown by the calculation below or Rs 4,17,603 more, and the assumed benefit of Rs. 14,000 to Provincial Revenues is converted into a loss of Rs 4,03,603. Under proposal (6) the Government of India will make good this difference by means of an assignment from Central Revenues " calculated on the figures on the last three years ".

	Rs.
1925-26	9,37,678
1926-27	13,79,528
Total	23,17,206
Average	11,58,603

5. The following table shows for each of the last five years since Devolution Rule 15 came into force, the total receipts in Burma from

time the Government of India consider it desirable to delete from the respective Acts the power given to levy import dues unless such a course would cause serious administrative inconvenience. The only produce that enters the United Provinces from outside British India is that which comes from Nepal into the Eastern circle, chiefly in the Gonda and Bahraich divisions. This produce is admitted into the reserved forests on the issue of a pass, for which a nominal fee is levied. These fees, however, are not import duties, but are a necessary part of the procedure under section 41(*c*) of the Indian Forest Act. If forest produce (whether from a foreign country or a private forest) is allowed to pass through a reserved forest uncontrolled, it will be open to any one to misappropriate government forest produce and allege that it came from another source. Apart from the loss to provincial revenues, this will cause constant friction. Therefore to avoid friction and to safeguard provincial interests a system of passes and fees was introduced some years ago in agreement with the Nepal Darbar. The Governor in Council considers it essential to retain the present system to which no objection has been received from traders in the past ten years. The Government of India are under a misapprehension in stating that the income from import duties average Rs. 38,000 a year. That figure, evidently taken from the annual accounts, represents receipts under the head VIII-C—Revenue derived from forests not managed by Government (duty on foreign timber and other forest produce). The receipts, however, from the particular registration fees on Nepalese imports average only Rs 406 a year and scarcely suffice to cover the expenses incurred.

LETTER FROM THE SECRETARY TO THE GOVERNMENT OF BURMA, FINANCE DEPARTMENT, NO. 179-26, DATED RANGOON, THE 8TH NOVEMBER 1927.

SUBJECT.—*Re-adjustment within the Meston Settlement—Stamp Revenue and Income-tax.*

I am directed to reply to the Hon'ble Mr. Brayne's letter No. F.-11-XII-F., of the 26th September 1927, inviting the opinions of Provincial Governments on certain proposals which are summarised in paragraph 7 of the letter.

2. The Governor in Council accepts proposals (1), (3) and (4) that—

"Stamp duties on the documents specified in Annexure A should be transferred to the Central Government";

"The assignments under Devolution Rule 15 and other revenue assignments, which are not in the nature of payments for specified services rendered, should be abolished"; and that

"The Indian Court Fees Act, 1870, be amended so as to abolish the fees on all documents relating to proceedings before officers of the Income-tax, Salt and Customs Departments of the Government of India".

of the proposal under contemplation In Burma where the assessment of income-tax has reached a considerably higher degree of efficiency there will be much less room for the expansion of revenue consequent on better methods of assessment and the substitution of the proposed assessment for the provisions of Devolution Rule 15 will, so far as can be seen, be a change for the worse. It is pointed out in paragraph 4 of this Government's letter of the 8th November 1926 that Burma is exploited to a much greater extent than obtains in the other major provinces in India by aliens—Europeans, Chinese and residents of other provinces of India—with the result that a fluctuating rate of income-tax on personal assessable incomes from all sources of assessees resident within the province is inevitably less favourable to Burma than it is to provinces otherwise situated. His Excellency in Council, however, realises that the exceptional circumstances of this province cannot be allowed to stand in the way of such a modification of Devolution Rule 15 as will benefit all other provinces in India with the exception of Assam ; he is therefore prepared to concur in the application of the proposals to Burma on the understanding that in determining the amount of the contemplated fixed assignment the Government of India will take into account the progressively increasing benefits which the Province now enjoys under the provisions of Devolution Rule 15 and that it will give sympathetic consideration to the substantial grievance which evoked this Government's representations in respect of the export duty on rice and the inclusion by the Meston Award among the Provincial Receipts of the revenue from the Capitation and Thathameda taxes which have been classed as sources of local revenue.

7. In view of the uncertainty of the estimates on which the calculations in Annexure B to your letter are based His Excellency in Council presumes that the Government of India will be prepared to revise the amount of the fixed assignment if experience shows that it was fixed too low.

LETTER FROM H. M. PRICHARD, ESQ., I.C.S., SECRETARY TO THE GOVERNMENT OF ASSAM, FINANCE DEPARTMENT, NO. 7404-F., DATED SHILLONG, THE 10TH NOVEMBER 1927.

SUBJECT :—*Readjustments within the Meston Settlement.*

I am directed to refer to your letter No. F.-11-XII-F., of September 26th, 1927, on the subject of readjustments within the Meston Settlement and to say that the Governor in Council has no objection to the proposals summarised under heads (1), (2), (3), (4) and (6)—except in so far as head (6) refers to head (5)—in paragraph 7 of your letter.

2. The proposal summarised under head (5) is explained at length in paragraph 6 of your letter in which the Government of India refer to the import duties levied under various Forests Acts and propose to

such import duties
tside British India,
tive inconvenience.
They, therefore, suggest that the administrative justification for the continuance of the import duties should be re-examined. The following figures give the revenue shown in the forest accounts as import duty during the last five years in this province :—

	Rs
1922-23	49,485
1923-24	54,466
1924-25	68,073
1925-26	58,195
1926-27	43,190

These figures, however, by a mistaken classification include the royalty paid on limestone quarried in non-British territory in the Khasi and Jaintia Hills district. These receipts are not in fact an import duty. They represent the half share of the profit which is due to the Government under the terms of the agreements subsisting between the Government and the several Khasi States concerned. By the terms of these agreements all the lime, coal and other mines, metals and minerals in the Khasi States concerned are ceded to the Government on condition that the States concerned receive half the profits arising from the sale, lease or other disposal of such lime, coal or other minerals. The total revenue derived from this royalty on limestone from non-British territory in the Khasi Hills during the past five years was as follows :—

	Rs
1922-23	20,574
1923-24	23,408
1924-25	22,430
1925-26	21,249
1926-27	10,832

As this revenue has nothing whatever to do with import duties, it must be deducted from the total figures of import duties shown in the forest accounts. The revenue from import duties proper will, therefore, be :—

	Rs.
1922-23	28,911
1923-24	31,058
1924-25	45,643
1925-26	36,946
1926-27	32,358

Almost the whole of this revenue is derived from forest produce from the Khasi States. It is assessed on such produce exported into British India at half the Government rates of royalty imposed on similar produce derived from British territory. This duty has been levied for many years. Originally it was not regarded as an import duty. Under

the agreements subsisting with the several States concerned all waste lands which the British Government may wish to sell or lease as waste lands are ceded to the British Government on the condition that the State shall receive half the profit arising therefrom and it was originally held that this clause gave Government the right to royalty on forest produce from the Khasi States, the royalty in practice being fixed at half the rates of royalty paid on similar produce in British territory. In 1904, however, the Chief Commissioner of Assam took the view that the terms of the agreement did not warrant Government in levying royalty upon such forest produce and he ordered that the levy should in future be treated as an import duty on such produce on its entry into British territory. Legally, therefore, the revenue derived from this source is an import duty. Although the levy of such an import duty by this Government may be technically an encroachment on the fiscal sphere of the Central Government there are circumstances which, in the opinion of the Governor in Council, justify the retention by provincial revenues of the import duty recovered from the Khasi States. The cost of administering these States, as far as it falls upon Government is borne entirely by provincial revenues. By the terms of the agreement these States are subject to the orders and control of the Deputy Commissioner of the Khasi and Jaintia Hills district; certain classes of cases are reserved for the jurisdiction of the British Courts; the excise control is exercised by the Deputy Commissioner and his staff, and various miscellaneous duties in connection with the administration of these States are performed by these officers and officers of other Government Departments. The exact amount of expenditure incurred on such work by the provincial revenues cannot be given but it can safely be said that a large proportion of the cost of the establishment of the Deputy Commissioner and his office, and of the police, medical, public works and other services in the district, exclusive of the headquarters establishments in Shillong, is incurred on account of the administration of these States. In equity, therefore, the revenue derived on forest produce exported from these States should be assigned to provincial revenues. The business in forest produce and particularly in timber, in Assam is developing rapidly; and a fixed assignment based on past actual receipts from the duty would not adequately compensate the province for the loss of a source of revenue which has considerable scope for expansion. Whatever decision be arrived at on the question whether these receipts should be treated as provincial or central, the duty now imposed should undoubtedly be continued in some shape or form. It has for many years been accepted by the Khasi States as a normal incidence of their relation with the Local Government and it forms a useful contribution towards the cost incurred by the Local Government in connection with the administration of the States and the preservation of law and order therein. Apart from these considerations the retention of the duty is necessary in the interest of the forest administration both of British territory and non-British territory. If the duty now paid on forest produce imported into British territory were removed, the forests

in the Khasi States would probably be ruthlessly denuded of timber and there would be a serious danger that timber from British territory would be passed off as timber from non-British territory a malpractice which it would be very difficult to check and which would adversely affect the provincial revenues.

The revenue derived from import duties on forest produce exported from places other than the Khasi States is of trifling amount. The figures for the past five years are as follows :—

	Rs.
1922-23	279
1923-24	193
1924-25	194
1925-26	183
1926-27	315

These figures are so small that the loss of revenue that would result from the abolition of the duties would be negligible. But here again the danger, that has been mentioned at the conclusion of the preceding paragraph, would arise, though perhaps not to such serious extent as in the case of the Khasi Hills. For these reasons the duties should be retained, but the justification for retaining for provincial revenues the revenue derived therefrom, which has been urged in the case of forest produce from the Khasi Hills, would not apply in the case of forest produce from other non-British territories.

EXTRACT FROM THE PROCEEDINGS OF THE CONFERENCE OF FINANCIAL REPRESENTATIVES HELD AT NEW DELHI IN NOVEMBER 1927.

Readjustments within the Meston Settlement.

It was observed that the whole of the Meston Settlement would come under examination by the Statutory Commission before long, and pending this examination only three Governments out of nine were in favour of proceeding with the scheme of the Government of India, five were in favour of postponing and Bombay was in favour of the matter being proceeded with only under certain stipulations.

APPENDIX III.

Division of Income-tax in Germany—Principles on which the tax is apportioned.

(1) A South Sea trade and plantation company. Head Office in Hamburg. The chief agency and plantation in Samoa, which is a German Protectorate. The board of directors, and superintendence at Hamburg. Most of the buying and selling is done at Samoa, but part at Hamburg :—

25 per cent. of the total income is taxed at Hamburg.

(2) A German Portland cement company, with its chief office and administration in Hamburg, but its factories in Prussia —

Income from land falls to be taxed in Prussia. Of the balance Prussia claims 75 per cent. and Hamburg 50 per cent.

In the result they split the difference, and Hamburg gets 37½ per cent. and Prussia 62½ per cent

(3) A Retail Business with many Branches.—A limited liability company Chief office and management and part of the buying for the branch in Hamburg.

Hamburg took 20 per cent. for the chief office, administration, and part of the buying, of the balance a division was made on the basis of the turnover, the turnover in foreign branches being included in the Hamburg figure.

(4) Petroleum company. Head office, management, docks, and buying in Hamburg. Selling in Hamburg and the other States of Germany.

Of the total income 40 per cent is taken for Hamburg on account of the chief office, etc. The balance is divided according to the respective turnovers

(5) A cash register company. Chief office in Berlin, but wholesale warehouses, showing samples, in Hamburg

A division was made according to the wages paid in the respective States.

(6) A brewery company with branch establishments in Hesse and Prussia. Division according to turnover.

(7) Chemical works with factories both in Baden and Prussia In this case separate books were kept, and these accepted for the purpose of a division.

(8) Railway in both Prussia and another German State. The head office and administration in Prussia The lengths of line in Prussia and the other State were in the proportion of 16 : 9, but the amount of money taken in the other State was greater than the amount taken in Prussia.

In the division 10 per cent is taken for management in Prussia, and the balance divided equally.

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FINANCIAL RELATIONS BETWEEN THE GOVERNMENT OF INDIA AND THE PROVINCIAL GOVERNMENTS.

Parts

A.—General.

B.—Taxation.

TABLE OF CONTENTS.

Financial relations between the Government of India and the Provincial Governments.

A.—GENERAL.

In the discussion of the question of the financial relations between the Government of India and the Provincial Governments, it is important to keep in view the historical circumstances under which the system of Central control has developed and also the precise nature and the object of the control that is now exercised by the Government of India. Broadly speaking, it is possible to distinguish between three classes of cases in which restrictions are now placed on the administrative authority of Provincial Governments—

(a) Cases in which control is exercised by the Central Government or the Secretary of State, in order definitely to remove a particular matter from the discretion of Provincial Governments. Instances of these are the restrictions imposed by the Secretary of State over the powers of Provincial Governments in respect of expenditure and of the pay and allowances of All-India Services.

(b) Cases in which control is exercised for the purpose of co-ordinating the activities of Provincial Governments.

(c) Cases in which control by an outside authority becomes necessary owing to a conflict of interests between two Provincial Governments or between a Provinces and India as a whole. When such a conflict arises, interference by an outside authority, such as the Central Government or the Secretary of State, becomes essential. For instance, such a conflict might arise and has actually arisen in the exercise of the powers of taxation by Provincial Governments and local authorities subordinate to them.

A further advance towards Provincial autonomy would probably involve relaxation of the control now exercised in respect of the first class of cases, though special provisions might still have to be made in order to safeguard the interests of All-India Services. As regards the second class of cases, it is obviously desirable that Provincial Governments should be encouraged to work on a system of co-operation for their mutual benefit. The restrictions that might be necessary in respect of such cases are similar to those which members of a co-operative body would voluntarily impose on themselves. As regards the third class, even if complete Provincial autonomy were conceded, it would be necessary to consider whether some powers of control by an outside authority should not be retained for the purpose indicated, or even whether the existing powers are adequate.

B.—TAXATION.

2 *Present legal position.*—Before the Reforms every Provincial Government was bound under Section 45 of the old Government of India Act to obey the orders of the Governor-General in Council in all matters, including, of course, finance, relating to the Government of the Province. Local authorities imposed certain taxes under legislation passed by the Provincial Council with the previous approval of the Government of India, but in almost every case the imposition of such taxes was subject to any general rules made or any special orders issued by the Governor General in Council Control by the Government of India over the powers of taxation of Provincial Governments and local authorities was thus almost unrestricted.

3. The position has been completely changed by the passage of the Government of India Act of 1919, under which by means of Statutory Rules (see Devolution Rule 14), specified sources of revenue have been placed at the disposal of Provincial Governments for the purposes of Provincial administration. These include :—

(a) receipts accruing in respect of Provincial subjects, such as land revenue, irrigation, judicial and non-judicial stamps, registration fees, forests, etc It will be observed that the list of Provincial subjects includes the taxes specified in the Schedules to the Scheduled Taxes Rules and also taxes not included in those Schedules which are imposed by or under Provincial legislation which has received the previous sanction of the Governor-General (see item 46, Part II of Schedule I to the Devolution Rules).

(b) The proceeds of any taxes which may be lawfully imposed for Provincial purposes.

If any *Provincial Government* now desires to supplement its revenues, it may impose, without the previous sanction of the Governor-Genera

in Council, any of the taxes specified in the Scheduled Taxes Rules, while for any other taxes the sanction of the Governor-General is necessary. The taxes which may be levied by *local authorities* under legislation passed by a Provincial Government are specified in Schedule II of the Scheduled Taxes Rules. For facility or reference, a list of these taxes is given below :—

Taxes which may be imposed by a Provincial Legislative Council without the previous sanction of the Governor-General for the purposes of the Local Government.

1. A tax on land put to uses other than agricultural.
2. A tax on succession or on acquisition by survivorship in a joint family.
3. A tax on any form of betting or gambling permitted by law.
4. A tax on advertisements.
5. A tax on amusements.
6. A tax on any specified luxury.
7. A registration fee.
8. A stamp-duty other than duties of which the amount is fixed by All-India legislation.

Taxes which a Provincial Legislative Council may impose or authorise a local authority to impose for the purposes of such local authority.

1. A toll.
2. A tax on land or land values.
3. A tax on buildings.
4. A tax on vehicles or boats.
5. A tax on animals.
6. A tax on menials and domestic servants
7. An octroi.
8. A terminal tax on goods imported into or exported from a local area, save where such tax is first imposed in a local area in which an octroi was not levied on or before the 6th July 1917.
9. A tax on trades, professions and callings.
10. A tax on private markets.
11. A tax imposed in return for services rendered, such as
    (a) a water rate,
    (b) a lighting rate,
    (c) a scavenging, sanitary or sewage rate,
    (d) a drainage tax,
    (e) fees for the use of markets and other public conveniences.

4. So far as the Transferred subjects (which include local taxation, and forest royalties in Burma and Bombay) are concerned, the powers of superintendence direction and control vested in the Government of India under the Act can be exercised only for the following purposes.—

(a) to safeguard the administration of Central subjects.

(b) to decide inter-Provincial disputes and

(c) to safeguard the due exercise and performance of any powers or duties possessed by or imposed on the Governor-General in Council

5. Such in brief is the present position governing the fiscal relations between the Central Government and the Provincial Governments. In any modification of those relations the following points would have to be considered.—

(1) The Meston Committee, whose recommendations as modified by the Joint Select Committee of Lords and Commons have been given effect to in the Devolution Rules, aimed at a complete separation of the sources of revenue of the Central Government and the Provincial Governments. A complete separation, however, is theoretically as well as practically impossible, because taxes which bear different names are often similar in their incidence and economic effects. Over-lapping is inevitable under any system of allocation and it is necessary to regulate the levy of certain taxes by means of specific rules under or provisions in the Act which would aim at defining the spheres of taxation and the limits of authority of the Provincial and Central Governments.

(2) Taxes imposed by Provincial Governments under provincial legislation which had received the approval of the Government of India before the Reforms were classed under the Devolution Rules as Provincial subjects and receipts from such taxes became automatically Provincial. Some of these taxes, such as the forest import and export duties, are indistinguishable from those allocated to the Central Government under the Meston scheme.

(3) Although a complete separation of the sources of revenue was attempted as between the Central Government and the Provincial Governments, no such separation was made so far as the sources of revenue of local authorities were concerned. Some of the taxes levied by local authorities are directly assessed on incomes (*e.g.*, profession tax) or are otherwise in the nature of Central taxes (*e.g*, export and import terminal taxes).

(4) In some cases there has been a conflict of fiscal interests between the Central Government and the Provincial Governments arising from the fact that the separation of the sources of revenue has not been complete (*e g*, foreign liquor).

6. Before dealing with the problem in India, it may be useful to examine to what extent and on what principles taxation by subordinate authorities is regulated in foreign countries, particularly those the constitution of which is on a federal basis.

(1) *United States of America*.—In the U. S. A. certain restrictions are imposed by the constitution itself on the powers of the States and local authorities. The following are instances :—

(a) No tax or duty may be levied on articles imported from any State

(b) No State may, without the sanction of the Congress, levy any imposts or duties on imports or exports except what may be absolutely necessary for executing its inspection laws. The net proceeds of all duties or imposts levied on imports or exports shall be for the use of the Treasury of the United States.

(c) All duties, imposts and excises shall be uniform throughout the United States.

(d) The Congress shall have power to regulate commerce with foreign nations and among the several States.

It will be observed that the States can, in theory, levy indirect taxes or excises but if they are to comply with the terms of the constitution, the conditions are almost impossible, because every other State will have to levy the same duty.

(2) *Canada*.—Under Section 92 of the Canadian constitution, the sources of revenue of the Provinces are practically restricted to direct taxation within the Province for Provincial purposes. The regulation of trade and commerce is exclusively a federal matter.

(3) *Australia*.—Under Section 51 of the constitution the Commonwealth is given power to legislate with respect to trade and commerce and it is exclusively vested with the powers of levying duties on customs and excise.

(4) *Germany*.—In Germany, before the War, the Central Government frequently interfered by legislation with the powers of taxation *of the States and local authorities (e.g., under the Customs Tariff Law* of 1902, octroi duties on corn, vegetables, flour, cattle, meat, etc., were abolished with effect from April 1910). The taxes on land, buildings and trade, which were allocated to local authorities, were assessed by the Central Government. Surcharges on the Central income-tax which were collected by the Central Government, were also permitted. Under the new constitution framed after the Revolution of 1918, the Federal Government has the power of legislating for the purpose of preventing—

(a) loss of revenue or action prejudicial to the commercial relations of the Federation ;

(b) double taxation ;

(c) assessments prejudicial to imported goods as opposed to home products in dealings between separate States;

(d) the grant of bounties on exportation,

(e) the levy of charges for the use of public lines of communication which constitute a hindrance to traffic

The financial power of the Reich is practically unlimited The States have only those financial resources which the Reich allows to them and any sources of State revenue already existing may be abolished or appropriated by the Reich subject to certain conditions.

(5) *Italy.*—In Italy surcharges on the Central taxes for local purposes are permitted subject to a definite maximum fixed by the Central Government in each case So far as octroi duties are concerned, the articles which may be taxed and the maximum rates have been laid down by the Central Government.

(8) *France* - The principal sources of local revenue in France are the octroi and the *centimes additionnels* on the State income-tax Since the Central Government collects the *centimes additionnels* it has complete control over this tax. As regards octroi, the machinery of collection established in the bigger cities is also under Central control.

7. From the above brief survey it will be observed that most of the restrictions imposed by the Central Government on the powers of taxation of the constituent States in a federation are in respect of taxes on consumption and taxes which affect commerce and industry. The principles underlying these may now be briefly stated—

(1) Next to national defence, the principal motive for the formation of federations was in most cases the necessity for the maintenance of uniform conditions affecting the carrying on of trade and commerce over as large an area as possible. It is hardly necessary to emphasize the importance of this, for it is obvious that, if the taxes and charges to which commerce is subject differed greatly in different parts of the country, very serious obstacles would be placed in the way of free competition and enterprises would develop on uneconomic lines.

(2) Certain taxes are very closely inter-connected with certain functions which are essentially Central, such as the negotiation of treaties with foreign countries. In order to discharge these functions, the Central Government must have full control over the duties upon goods entering or leaving the country.

(3) Thirdly, it is obvious that no State or Province should be in a position to tax the consumption of other States or Provinces. Most consumption taxes are in essence levied at the source, for they are taken over when goods are brought into the country at the customs or, if levied through an excise, when

the goods leave the place of production. In the case of many of these taxes, it is almost impossible to trace consumption of the goods. This explains why a Province or a constituent State of a federation is allowed to levy * only certain consumption taxes, such as liquor taxes, which, for other reasons, are normally transported in bond.

8. It is possible that the problem of the fiscal relations between the Central Government and the Provincial Governments in India is in some respects fundamentally different from that which federal Governments have had to solve, as India is at present a unitary State. But the following general principles, which represent in the main the experience of federal countries, in restricting the powers of taxation of Provinces and local authorities, may provide some help for a study of the Indian problem —

(1) No Province should be in a position to tax for its own purposes anyone outside the Province.

(2) There should be as little opportunity as possible for interference by one authority in the legitimate field of the other and, as far as possible, the system should not involve the levy or collection on the authority of one Government of what another Government spends.

(3) Exercise of the powers of taxation should not result in variations in the economic conditions under which industry and commerce are carried on as between different Provinces.

(4) The Central Government should be in a position to fulfil their international obligations under commercial treaties with foreign countries.

(5) The Central Government should be in a position effectively to prevent encroachments on its fiscal sphere and to safeguard the administration of Central subjects.

(6) Where there is a conflict between the fiscal interests of a Province and those of the country as a whole, the latter should prevail.

9. The difficulties that have actually arisen in connection with the *levy of certain taxes by Provincial Governments and local authorities* will now be dealt with.

Octroi and Terminal Taxes.

10. Octroi duties in the shape of town and market dues are one of the oldest taxes in India. These duties were in existence under the ancient Hindu rulers and they continued to be levied under the Moghuls and also under the East India Company throughout northern India. The evils of these transit duties, as they were called, were so considerably aggravated under the Company's rule, that they had become a very

* The case of octroi and other consumption taxes levied by local bodies has not been overlooked here *They are governed by different considerations.*

serious impediment to trade and commerce in the beginning of the nineteenth century. They were abolished by Lord Ellenborough in 1842 after an elaborate enquiry conducted by Sir Charles Trevelyan These dues had so far been levied mainly for general State purposes, but already in 1823 the Government had commenced the practice of appropriating the dues to meet the expenditure of towns, and when in the early sixties the duties were re-imposed in many places in northern India they appeared not as items of general revenues but as the mainstay of the revenue of the towns They have continued to be so ever since; and they have formed the subject of numerous Government Resolutions in which general principles, not always consistent with one another have been enunciated

11. Sir Charles Trevelyan, who became Finance Member in 1864, realised the danger of the revival of the old transit duties in the shape of town duties and issued a Resolution defining the attitude of the Government of India at that time. Subsequent Resolutions on the same subject were issued by the Government of India in 1861 1868, 1877, 1899 and 1903 The salient features of the policy laid down in these Resolutions are as follows —

(1) The tax was restricted to a few articles of local consumption, and the necessaries of life were to be taxed moderately.

(2) Provision was made for the refund of the octroi in the case of dutiable articles which were re-exported.

(3) Municipalities were required to provide bonded warehouses or other conveniences for the storage of goods in transit.

(4) Certain articles, such as salt, opium, liquors, liable to customs duties and imported by sea into India and also Government property were exempted from the tax.

12 In 1908 a committee, which was appointed to enquire into the question of municipal taxation in the United Provinces, examined the whole question of the levy of the octroi in great detail. They found innumerable abuses and condemned the system of octroi duties in very severe terms Their principal recommendation was that the octroi should be abolished and a terminal tax on imports, supplemented by direct taxation, gradually substituted for it The principal features of the terminal tax recommended by the Committee were—

(1) The tax was to be imposed on all imports at rates lower than the existing octroi rates.

(2) There were to be no refunds.

(3) There was to be no *ad valorem* assessment and the tax was to be assessed on the weight passed.

(4) It was to be collected by the railways.

(5) Passengers' luggage and parcels were to be free.

(6) Goods imported and re-booked without breaking bulk were not to be charged.

(7) A corresponding impost on goods imported by road was to be levied in the shape of a toll fixed with reference to the rates on rail-borne goods

13. These proposals were generally approved by the Government of India after consulting the local Governments, but the recommendations of the Committee have not been carried out in full by the local authorities concerned There has been, for instance, very little development of direct taxation in the municipalities in northern India. The Government of India themselves in their Resolution of 1917 agreed that the conversion of octroi into terminal taxes should not be regarded as a step towards direct taxation.

14. The position has been radically altered by the introduction of the Reforms Under the Scheduled Taxes Rules, as they stand at present, a reference to the Government of India is now necessary only when a terminal tax is to be imposed for the first time in an area in which octroi was not levied on or before the 6th July 1917, but once a terminal tax has been sanctioned or in towns where the terminal tax has been substituted for octroi by the local Government, the sanction of the Government of India is not required to the revision of the rates and local Governments are free to raise them to any figure they may consider necessary.

15. The recent developments in this form of taxation as indicated by the proposals that have been made or given effect to are seriously disquieting The following have been mentioned by the Taxation Enquiry Committee in paragraph 400 of their Report :—

(1) All pretence at imposing low rates on a few main staples has been given up. The Municipality of Nagina, for instance, in a recent schedule has proposed rates amounting to as much as Rs. 2-3-0 per maund on certain articles of apparel, rates discriminating between the produce of different countries; and a rate equal to the full tariff of 15 per cent. (prior to the passing of the Steel Protection Act) on the raw material of the chief industry of the town.

(2) In other municipalities in the United Provinces, where the terminal tax has been substituted for octroi, road tolls have been added, under which the terminal tax is collected according to the value of the contents of the carts; in other words, the evils of octroi have been reintroduced without the advantage of refunds.

(3) In certain municipalities in Bombay and the Central Provinces, a very large part of the taxation is imposed upon the main staple, cotton.

(4) In the city of Bombay, a town duty has been imposed upon the same staple, in connection with which no refund is given on exports; in other words, an export duty has been imposed upon half the export trade of the port.

(5) In Karachi, a terminal tax, which again amounts to an export duty, has been imposed on traffic passing through the port, and a similar tax has been mooted in the case of Bombay.

(6) A proposal has been made in the Presidency of Bombay for the introduction of a similar tax to be levied by local boards apparently at places which are not towns, which would thus be an undisguised transit duty.

(7) A further proposal has been made by the Bombay Excise Committee for the levy of a transit duty, both on passengers and upon goods, as a means of restoring the excise revenue that would be lost through the introduction of prohibition

16. In other countries it has been found necessary to regulate the levy of this form of taxation by statutory rules The necessity for control by the Central Government is partly fiscal and partly financial. The reasons justifying control are briefly these .—

(1) In the case of import duties, which are levied by the Central Government for revenue purposes and which have reached the point of diminishing returns, an octroi or a terminal tax levied on the same articles by local authorities will affect Central evenues

(2) In the case of terminal taxes, there is no provision for refunds in the case of articles which are re-exported. They, therefore, operate as transit duties and in the case of ports as export duties on the articles shipped at the port.

(3) In places where octroi duties are levied, the rules generally provide for refunds for articles which are re-exported, but the arrangements are apt to be so vexatious and troublesome that this form of taxation is a serious impediment to through commerce and trade.

(4) Where municipalities have been allowed to levy terminal taxes

services by means of taxation on non-residents is a proposal made by the District Board of Jhelum, which has within its jurisdiction the Khewra Salt Mines, to tax all salt (which is incidentally a Central Government monopoly !) exported from the district.

(5) Terminal taxes interfere with the railway administration, since the frequent variation of the rates by local authorities makes the adjustment of railway rates a difficult process. These taxes operate, in some cases, as surcharges on the railway rates.

(6) These taxes are objectionable from the point of view of incidence, since they are levied on almost all the articles of food consumed by the poorer classes. This point, however, is not

of great importance so far as the necessity for control by the Central Government is concerned, but, as will be observed subsequently, this aspect has not been ignored in other countries.

(7) If an attempt is made, as has occurred in one municipality at least in India, to differentiate between foreign and indigenous articles in fixing the rates of duty, it would not be possible for the Central Government to carry out their international treaties relating to commerce.

(8) It was recently brought to the notice of the Government of India that one municipality in Sind was levying an octroi tax of Rs. 50 per maund, equivalent to about 160 per cent. *ad valorem*, on imported hardened oils or "vegetable ghee," and two other local bodies in the Punjab have similarly levied rates as high as Rs. 40 per maund. These are practically prohibitive duties imposed on imports by local bodies in the guise of octroi and terminal taxes, and might be regarded as a breach of the spirit of the recent International Convention for the abolition of Import and Export prohibitions and restrictions, which India has signed.

17. The bearing of the powers of local bodies in regard to octroi and terminal taxes on the obligations undertaken by the Central Government in commercial treaties requires somewhat fuller explanation. The Government of India cannot enter independently into commercial relations with foreign countries, but the usual form of commercial treaty between Great Britain and any foreign country provides for the extension of the treaty to India on notice given by His Britannic Majesty's representative that its stipulations shall apply to India. It is common, however, for such treaties to contain a provision that no internal duties levied for the benefit of the State, local authorities, or corporations which affect, or may affect, the production, manufacture or consumption of any article in the territories of either of the contracting parties, [illegible] terminal duties are taken to be internal duties within the meaning of this provision, and the Government of India are not at present in a position to prevent local authorities, in the exercise of their statutory powers, from imposing these taxes at rates which differentiate between imported goods and similar articles of national origin. The Government of India might in such a case, under the provisions of Devolution Rule 49, in order to safeguard the administration of the Central subjects, 'Commerce' and 'external relations,' require the Local Government concerned to refrain from granting the previous sanction normally required by the various Local Self-Government Acts to the imposition of any taxation by a local authority. But the position is still unsatisfactory, for the Government of India cannot secure a modification of

taxation at differential rates so imposed by local authorities in the past or imposed by oversight in the future. As an instance of treaty obligations undertaken by the Government of India and the difficulties inherent in the present position, the Commercial Treaty of 1925 between Great Britain and Siam, to which the Government of India have adhered may be quoted. That Treaty provides that internal duties levied within the territories of either of the two contracting parties for the benefit of the State or local authorities on goods, the produce or manufacture of the territories of the other party, shall not be other or greater than the duties levied in similar circumstances on the like goods of national origin From the point of view of external relations, as well as of commerce it was important that India should adhere to the Treaty immediately, and the Government of India were compelled to risk the constitutional difficulty of enforcing this provision on local bodies.

A similar difficulty exists in the case of commercial treaties under which goods produced or manufactured in India enjoy most-favoured-

foreign country If a local authority imposed on goods produced or manufactured in a foreign country to which India accords most-favoured-nation treatment, internal duties or restrictions which were more burdensome than the duties or restrictions imposed on the like goods of any other foreign country, it might amount to a breach of most-favoured-nation treatment

Mention may also be made in this connection of the Barcelona Convention and Statute on Freedom of Transit, to which India is a party. Under the Statute, traffic in transit shall not be subject in the territories of the contracting parties to any special dues in respect of transit except such as are levied solely to defray expenses of supervision and administration entailed by such transit It is therefore necessary that terminal taxes should not be levied by local bodies on goods which are merely transhipped at a railway station or port, that is, on goods for which no services are provided by the authority imposing the tax. A terminal tax is such cases might be regarded as an infringement of the Statute.

18. *Control exercised in other countries.*—Many European countries have felt the objections to these taxes to be so great that they have entirely abolished the octroi or have placed very severe restrictions on its levy. Belgium, Holland, Denmark, Sweden and Norway have replaced it by other taxes France has made more than one unsuccessful attempt to abolish the duty. The French system is, however, free from one of the gravest objections to this tax, since there is provision for prompt refunds of the duty in the case of articles which are re-exported. The machinery for collection is also controlled by the Central Government. Restrictions on the levy of this tax were imposed in Germany by the Customs Tariff Law of 1902, under which octroi duties on corn, vegetable flour and other mill products, cattle, meat products and fat were pro-

hibited with effect from April 1910. In Italy the sole right of levying these duties is now given to the communes, but the articles that may be taxed and the maximum rates have been laid down by the Central Government. In direct taxation of this sort is also prohibited under the constitution of some of the British Colonies.

19. It will be observed that, under the present constitution, the Government of India have none of the powers exercised by Central Governments in other countries to regulate the levy of the octroi and its modification, the terminal tax, by local authorities. The question of amending the law governing the levy of these taxes was considered at some length by the Indian Taxation Enquiry Committee, who have made the following recommendations:—

(a) The law governing the levy of the octroi and the terminal tax should be amended so as to prohibit the introduction of octroi duties in any municipality in which they do not exist now.

(b) As regards the existing taxes, it is essential that control should be exercised by the Central Government in the interest of inter-Provincial trade and certain principles governing the levy of these taxes have been suggested for adoption.

20. *Abolition of the octroi.*—The principal objection to the octroi is administrative. The collection and the system of refunds, which is an essential feature of the octroi, puts the person paying the tax to a great amount of inconvenience. It is uncertain in its incidence and when it is imposed on the necessaries of life, as in India, it places a disproportionate burden on the poorer classes. It is unsatisfactory as an educative influence, since it does not encourage a sense of responsibility among the electors, who as a rule do not feel the burden of the tax. In the opinion of Sir Josiah Stamp, based on theory as well as the result of experience, "no country can be progressive that relies to any extent upon the octroi which has nearly every vice."

The tax, however, has several important and outstanding advantages. It is sanctioned by immemorial usage and it is temperamentally suited to India. The feeling against direct taxation, particularly in northern India, is exceedingly strong. This is partly due to the fact that Indians, like some of the nations on the Continent of Europe, very strongly object to inquisitorial enquiries into their income and status, which the assessment of a direct tax involves Moreover, direct taxation in India brings the illiterate and ignorant taxpayer into contact with an ill-paid subordinate tax-collecting agency, and the taxpayer not infrequently pays much more than what actually reaches the Exchequer. The octroi, on the other hand, is directly collected from a class which is comparatively small and the members of which are, as a rule, above the average in intelligence. They are the merchants and traders of the towns, and by force of habit and experience and by the employment of a suitable agency they have learnt to make their burden as light as possible. The tax, moreover, is extremely productive and

it would be difficult in most municipalities to obtain by any system of direct taxation as large an amount as that realised by the levy of this duty. It could be urged that if the agency of collection were under official supervision, many of the abuses which now exist could be removed, that the tax is still in existence in such advanced countries as France and Italy and that if its levy were prohibited, the development of local self-government in Northern and Western India might be seriously impeded

21. As regards the regulation of the levy of octroi duties, the Taxation Committee have made the following recommendations :—

(a) The rates of taxation should be low in all cases and specially so in the case of necessaries of life and articles that are subject to Imperial or Provincial taxation.

(b) In order to prevent the tax from developing into a transit duty, arrangements should be made for prompt refunds on exported goods and for bonding goods intended for through transit.

(c) The staff should be properly paid and efficiency controlled by an official agency with which the elected representatives should have no power to interfere

These proposals, it will be observed, involve direct interference with the administration of a Provincial Transferred subject. The following alternative suggestions have been made, which contemplate that local Governments should be allowed to regulate the rates of taxation so long as they do not affect Central revenues or interfere with trade and commerce :—

(1) The Government of India might take power to prohibit the levy of octroi duties on certain articles on which heavy customs and excise duties are levied for Central or Provincial purposes. This is the course that has been followed in Germany and Italy for the control of these taxes. The following articles would probably be included in such a list:

Sugar, matches, kerosene oil, salt, alcoholic liquors, hemp drugs and opium.

The power taken might be comprehensive, though in practice it might probably be used only in cases of the kind indicated.

(2) The Government of India might also take power to prohibit, after adequate notice (say two or three years) the levy of octroi in municipalities where satisfactory arrangements are not made for prompt refunds on exported goods. The administrative control would still remain with the municipalities, but the Government of India would interfere in the interests of trade if the management was very inefficient.

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22. As regards the terminal taxes, the Taxation Committee recommended that the following restrictions should be imposed :—

(1) The tax should be levied on all packages with reference only to weight and without reference to contents. The rate should be kept low and the Government of India, in the interests of inter-provincial traffic and railways, should retain a full measure of control.

(2) The tax should not be levied on goods imported and re-exported without break of bulk.

(3) The levy of a tax on goods exported from a municipality should not be permitted, save in exceptional cases where it is already in existence.

(4) Goods not leaving a railway yard or only leaving port premises for a railway and merely transhipped at the yard or port premises should not be subject to any duty whatever.

These restrictions are intended to prevent this tax from becoming an impediment to trade and commerce.

The difficulties pointed out above in regard to the fulfilment of Treaty obligations by the Government of India might be avoided by a statutory provision that notwithstanding anything contained in any law for the time being in force, no municipal or other local tax at variance with any treaty, convention, or engagement with any foreign State shall be imposed; and that if any tax has been or shall be so imposed, it shall to the extent of such contravention be of no effect.

23. The difficulties that have arisen in connection with the levy of octroi and terminal taxes by municipalities on Government stores might also be appropriately dealt with here. It will be observed from the history of these taxes that Government stores were generally exempt until the introduction of the reformed constitution, but local authorities have now full powers to tax them at any rate they consider justifiable. The question has assumed considerable importance owing to the endeavours of certain municipalities in the Punjab to levy the tax on telegraph and military stores of all sorts, including artillery and ammunition. This suggests that the Government of India should have power either to prohibit the lvey of these taxes on Government stores or to restrict the levy to certain classes of Government stores which are primarily intended for local consumption.

24. The restrictions suggested above might be imposed in two ways :—

(a) They might be specifically referred to in the Scheduled Taxes Rules, or

(b) the levy of these taxes might be permitted subject to any restrictions that might be imposed from time to time by notification by the Government of India.

Provincial Export and Import Duties.

25. Import and export duties cannot now be imposed by Provincial Governments under the Scheduled Taxes Rules without the approval of the Governor-General in Council. There are, however, certain export and import duties levied under Provincial legislation which received the approval of the Government of India before the Reforms. The proceeds of these duties are credited to Provincial revenues under Devolution Rule 14 (1) (*f*) and item 18 of Part II of Schedule I to the Devolution Rules. The following are the principal duties of this class that are now levied :—

(*a*) Under Section 39 of the Indian Forests Act of 1878, certain local Governments have levied import duties on timber and other forest produce which is brought from any place beyond the frontier of British India. In Assam the duty may be levied on *all* forest produce whether it comes from British India or elsewhere. The justification for these import duties is mainly administrative. In the undeveloped portions of Assam and other Provinces bordering on Indian States or foreign territories it is not possible in practice to distinguish between timber, etc , which has been cut within British India and which is liable to pay forest royalty and timber, etc. coming from outside. The imposition of an import duty diminishes the risk of payment of forest royalty being evaded. But it will be clear that the import duties must also function as protective duties and theoretically the levy of duties of such a character by a Provincial Government is obviously objectionable. The need for the imposition of these import duties, however, arises from the fact that the Central Government have not been able to maintain an effective land customs frontier. This failure on the part of the Central Government has hitherto been regarded as unavoidable for physical and geographical reasons, and the Government of India therefore have so far not felt themselves to be in a position to demand that these provincial duties should be abolished.

(*b*) Under Section 32 of the Burma Forests Act of 1902, forest royalties are levied on rubber, lac and other forest produce. The royalties are, however, only charged upon produce exported and the royalty or duty is collected by the Imperial Customs Officers These arrangements have been adopted for reasons of convenience and one important circumstances which has made it suitable to adopt them is that practically the whole of the produce is exported and it is only permitted to be exported from certain ports.

Since the impost is not levied on the produce consumed in Burma, it is indistinguishable from an export duty and obviously the unrestricted levy of export duties by a Provincial Government is highly objection-

able on grounds of general principle. There are, however, practical difficulties in the way of the abolition of these duties. In the case of rubber, which contributes most of the revenue from this source, the royalty, the imposition of which was approved by the Government of India in 1916, was levied in pursuance of an agreement with the planters who accepted the royalty charge and the system of collecting it now in force in consideration of Government agreeing to replace a system of land revenue assessment, under which the planters were liable to a maximum rate of Rs. 25 per acre, by one under which the liability of the planter in the matter of land revenue was restricted to a fixed uniform rate of Rs. 3 per acre. In other words, the duty is levied in partial substitution for land revenue assessment Moreover, owing to the geographical features of the country, it is almost impossible to collect the various royalties in any other shape except, possibly, in the case of rubber which is grown in regular plantations. These duties are, in their economic effects, similar to land revenue assessed on gross produce.

26. Although the import and export duties referred to above are not in result seriously objectionable, it could be urged on grounds of general principle that no export or import duties or other taxes which, in their operation and economic effects, are indistinguishable from such duties, should be levied by a Provincial Government except with the approval of the Central Government and that the levy should be subject to any restrictions which may be imposed by the latter from time to time. As has been pointed out in an earlier portion of the Memorandum, provision is made for such restrictions in the constitution of the most democratic federations in Europe and elsewhere.

Taxes directly assessed on Income or Profits.

27. At present no Provincial Government has power to levy any tax directly assessed on income or profits, and in actual fact with the possible exception of the *thathameda* in Burma, which is a survival of an ancient regimé, no Provincial taxes are now assesed directly on profits or income, though the land revenue system in some Provinces aims at an assessment based more or less on net assets or profits. The question of control therefore, in the case of Provincial taxes of this nature, has not so far had to be actively considered by the Government of India. On the other hand when constitutional changes are under discussion, it may be argued that there would be considerable justification for relaxing the present absolute restrictions on the levy of such taxes. The possibility of a provincial surcharge on the Central income-tax and the connected question of the extent to which the taxing powers of provincial Governments in cases of this kind should be subject to control have been discussed in the Memorandum on the revision of the Meston Settlement. It is therefore unnecessary to deal with these points here. There are on the other hand a large number of local taxes which are assessed on profits or income and under the law as it has stood since the Reforms

the Government of India are powerless to interfere with the imposition of such taxes Instances of these local taxes are—

(1) The Chowkidari tax in Bengal and Bihar and Orissa

(2) The taxes on circumstances and property in Bengal, Bihar and Orissa Assam, the U. P and the C. P.

(3) The cess on mines in Bengal and Bihar and Orissa, which is assessed on the net profits of mines, tramways, forests, etc.

(4) The tax on professions (levied in many provinces) which is assessed on income.

(5) The surcharge on the Central income-tax, which may be levied with the approval of the Government of India under the Madras District Municipalities Act. The Government of India, however, have not sanctioned the levy in any case.

28 The unrestricted levy of these taxes by local bodies is open to the objection that it is an encroachment on the fiscal sphere of the Central Government, one of whose principal sources of revenue is the income-tax and might in extreme cases lead to multiple taxation. On the other hand, the constitutions of most countries definitely provide for the levy of such taxes by local authorities. In fact, the Central Government in many countries has encouraged this form of taxation for local purposes. For instance—

(1) In France when the fiscal system was reformed between the years 1917-1920 and the four older taxes were replaced by a State income-tax, local authorities were empowered to levy *centimes additionnels* on this tax.

(2) In Germany when Dr. Von Miquel introduced his great fiscal reforms in 1893 with the assistance of prominent German economists, he stated that one of the three principles underlying these reforms was that expenditure on objects of national importance, such as, public safety, public health, primary education and poor relief, should be defrayed by means of local additions to the State income-tax.

(3) In Italy a surtax not exceeding 20 per cent. of the general income-tax is permitted for local purposes.

(4) Even in England a local income-tax as a subsidiary source of local revenue has been strongly advocated by several authorities, and it was seriously considered by the Board of Inland Revenue in 1910.

29. In India the necessity for providing additional resources for local purposes has been universally recognised, for land, which is the most important source of local revenue in other countries, is almost exclusively taxed by the Provincial Governments, local rural authorities alone being allowed to levy a small cess on the Provincial tax. It is therefore a question for consideration whether the levy of a tax directly assessed

on income or profits should not be permitted to local authorities subject to such conditions as it may be necessary to impose in the interests of Central revenues. In one case in which the power to impose conditions has by accident survived to the Government of India they are proposing to make the following conditions :—

(1) The tax should be subject to a definite maximum to be fixed by the Government of India in the Act authorising its levy.

(2) The Central machinery of taxation should not be utilised either for the collection or for the assessment of tax. The object of this restriction is to emphasise to the taxpayer the distinction between the Central and the local tax.

(3) The local tax should not be allowed as a deduction in computing profits for the purpose of levying the Central income-tax.

Excise Duties.

30. The principal excise duties that are, or may be, levied by Provincial Governments or local authorities are as follows :—

(1) Excise duties on alcoholic liquors, opium and hemp drugs.

(2) An excise on specific luxuries.
(Item 6 of Schedule I of the Scheduled Taxes Rules)

It has been held that this includes tobacco, but no tax has actually been levied on tobacco, although some of the Provincial Governments have been considering the possibility of doing so

(3) Some local authorities levy what is described as a cess on the output of mines. (Bengal and Bihar and Orissa Mining Act, the Jharria Water Supply Act, etc.). The cess is really an excise duty on the output of mines.

31. The general principle that the excise duty on alcoholic liquors, opium and hemp drugs, should follow consumption has been accepted by the Provincial Governments by way of agreement, but the Governments are at liberty to renounce this agreement, and it is for consideration whether the constitution should not be so framed as to empower the Central Government to insist upon the maintenance of this principle.

Conflicts of interest between the Central Government and the Provincial Governments have, however, arisen owing to the fact that, under the present distribution of resources, the customs duty on imported liquor goes to the Central revenues, while the fee for the privilege of selling the same liquor, whether in wholesale or retail, goes to Provincial revenues. Under the present system, therefore, it is possible for a Provincial Government to tap what is really a Central source of revenue by levying in the guise of vend fees or transport fees what is really an addition to the customs duty on imported liquor. The local Governments can also by various devices and restrictions encourage the sale of country-

made foreign liquor to the detriment of the sales of imported liquor and of Central revenues. For instance :—

(1) Bombay levies a transport fee on imported liquor cleared from the Customs House in addition to the license fee for the right of vend. It has also been recently proposed to levy the license fee on a volumetric basis.

(2) In Bengal the license fees are fixed on a volumetric basis and a minimum sale price is prescribed in the case of certain liquors

(3) In Bihar and Orissa and in the United Provinces the license fees are indirectly volumetric, being based on past transactions.

(4) In the Punjab the vend fees have a direct or indirect relation to actual sales.

(5) In the Central Provinces a minimum selling price has been fixed for imported liquors and the local Government permit the sale of certain specified brands only, this amounting to a prohibition of the importation of other brands. In so far as the prohibited brands are the products of certain countries, this prohibition also amounts to a breach of most-favoured-nation treatment

32. There are three possible ways of dealing with the problem—

(1) The excise duty on country made foreign liquor might be transferred from the Provincial to the Imperial account, as suggested by the Taxation Committee. The proposal, however, would involve the employment of a Provincial agency to [illegible] liquor and country-made foreign liquor were both under the control of the Central Government.

(2) The present system under which foreign liquor is a Central source of revenue and country-made foreign liquor is a Provincial source of revenue might continue, but Provincial Governments might be prohibited from—

(*a*) lowering the excise duty on country-made foreign liquor below the tariff rate on the corresponding imported liquor, or

(*b*) fixing a minimum sale price for any imported liquor, or

(*c*) prohibiting the importation for consumption or sale of any liquor that has paid customs duty without obtaining in each of these three cases the sanction of the Government of India.

This, however, would also involve interference with the excise policy of Provincial Governments, for if the rates of excise on country-made foreign liquor were to be fixed by the

Central Government, it would be difficult for the Provincial Governments to raise the excise duty on country-made liquor beyond a certain figure.

(3) The customs duty on imported liquor might be abolished altogether, liquor allowed to be imported and transported in bond and Provincial Governments might be allowed to levy such excise [illegible] consumed in t[illegible]e involved in this proposal could not be made by the Central Government, the local Governments might be required to make to the Central Government an assignment of a percentage of each year's excise revenue on liquor equal to the percentage that customs duty on liquor bears to the present total of customs duty and excise duty and fees.

An alternative to this would be to fix the customs duties on imported liquors on an *ad valorem* basis, such liquors being treated as a luxury article and subjected to a duty of 30 per cent. instead of the existing duties which range between 75 per cent. and 100 per cent. Local Governments might be allowed to levy excise duties at any rate they considered necessary on foreign liquor consumed within their jurisdiction.

If either of the above two alternatives under (3) were adopted, it would be necessary in order to enable the Central Government to fulfil their obligations under existing commercial treaties with foreign Governments, to impose the condition that the Provincial excise duty on country-made foreign liquor should not be lower than the excise duty on imported liquor. The second of these alternatives has been accepted by the Provincial representatives who attended the annual Finance Conference held in November 1927, although it had not the political advantage that the first alternative might be able to claim if it were coupled with the assignment suggested, namely, that the extent to which the Provincial revenues would depend upon revenue from the liquor traffic would not be increased, and the Provincial Governments and the Central Government would share the loss of revenue resulting rom a policy of Prohibition in the same proportions as they would hare such a loss if existing arrangements were maintained.

Other Excises.

33. No Provincial duties or taxes are now levied on any luxury articles, such as tobacco, but the possibility of such taxation in the future has to be borne in mind in considering the question of the control which the Central Government should exercise over the powers of taxation of Provincial Governments. If any Provincial Government decides to levy an excise on tobacco, it is a matter for consideration whether the Government of India should have power to ensure that the tax is levied in accordance with the principle that duty should follow consumption.

34. The local cesses based on output referred to in paragraph 29 may be theoretically unobjectionable, if such local taxation is mainly imposed on the principle of payment for services rendered. For if the cess is assessed on the total profits, a mine which is making a small profit or losing money pays little or nothing towards the local services, nor is the amount of profit any real measure of the services rendered to the mine by the local authority. To prevent the abuse of taxation based upon output, however, it would have to be considered whether the Central Government should have the power to restrict the rate of taxation to a maximum fixed by them in the Act authorising the levy of the cess; as otherwise the cess might be made to disguise what was in intention and effect an export duty or an excise duty, which the Provincial Government would not be empowered to levy directly as such.

FINANCIAL RELATIONS BETWEEN THE GOVERNMENT OF INDIA AND THE PROVINCIAL GOVERNMENTS.

Parts C to J.

TABLE OF CONTENTS.

C.—Expenditure.

D.—Provincial Borrowing.

E.—Remittance and Resource Arrangements.

F.—Separation of Provincial Balances.

G.—SEPARATION OF AUDIT FROM ACCOUNTS

Financial Relations between the Government of India and the Provincial Governments.

C.—EXPENDITURE.

Position before the Reforms.

35. The following are the stages in the devolution of powers of expenditure by the Secretary of State :—

(1) Section 41 of the Government of India Act, 1858, which regulated the expenditure of Indian revenues, ran as follows :—

"The expenditure of the revenues of India, both in India and elsewhere, shall be subject to the control of the Secretary of State in Council; and no grant or appropriation of any part of such revenues, or of any other property coming into the possession of the Secretary of State in Council by virtue of this Act, shall be made without the concurrence of a majority of votes at a meeting of the Council."

The entire responsibility for the control of expenditure from Indian revenues was thus vested by the statute in the Secretary of State in Council. In order, however, to provide for the more speedy transaction of public business, the Secretary of State from time to time prescribed limits within which expenditure might be incurred by the Government of India without previous reference to him on each occasion. These restrictions before 1889 were embodied in executive orders, rules and regulations issued by the Secretary of State.

(2) In 1889 for the first time a Resolution was issued indicating precisely the limits of expenditure which the Governor General in Council could incur without previous reference to the Secretary of State. Under this Resolution, which was re-issued with certain modifications in 1893, the sanction of the Secretary of State was required for—

(*a*) the creation of an appointment of which the salary exceeded £200 a year;

(*b*) the raising of the salary of an existing appointment to an amount exceeding £333 a year;

(*c*) the revision of an establishment at a cost of more than £1,667 a year;

(*d*) the incurring of expenditure which under any of the various codes required the Secretary of State's sanction;

(*e*) the construction of a public work from borrowed funds;

(*f*) the construction of a public work charged to revenue which was estimated to cost more than £83,000; and

(*g*) the construction of any railway except short additions of local interest.

It was then understood that by this Resolution the Secretary of State in Council had formally *delegated* the authority entrusted to him for expenditure in India except in cases where he had by special order or by established practice reserved to himself the exercise of that authority.

(3) In 1908, when the Audit Resolution was under discussion, the constitutional position was elucidated. It was pointed out that the Secretary of State in Council had no power to divest himself of responsibility as regards expenditure and that he could not make any general assignment of his control. It was held that any such delegation of control, either to the Government of India or to any Province or body serving under it, would be an evasion of the spirit and infraction of the letter of the Act of Parliament. In the following year the powers of the Government of India and local Governments in respect of expenditure were extended.

(4) The question of further extension of these powers was examined exhaustively by the Royal Commission on Decentralization, which was appointed in 1907, and as a result of their recommendations these powers were enhanced considerably.

(5) In 1916 the following proviso was added to Section 41 of the Government of India Act, 1858 .—

"Provided that a grant or appropriation made in accordance with the provisions or restrictions prescribed by the Secretary of State in Council with the concurrence of a majority of votes at a meeting of the Council shall be deemed to be made with the concurrence of a majority of such votes."

This amendment defined more precisely the constitutional position as it had developed during the preceding yeats and legalised the delegation of power by the Secretary of State to authorities in India.

Control by the Government of India.

36 The control of the Secretary of State over the powers of expenditure of the Government of India and Provincial Governments has so far been dealt with. As regards the powers of control of the Government of India over Provincial Governments, the constitutional position before the Reforms was briefly as follows :—

Under Section 45 of the Government of India Act, every local Government was bound to obey the orders of the Governor General in Council and "to keep him constantly and diligently informed of its proceedings in all matters which in its opinion should be reported to him or as to which he requires information." Since the Government of India were generally responsible for provincial solvency, the financial control that was exercised was detailed as well as rigid and financial settlements were based definitely on the requirements of the various provinces. So far as provincial expenditure was concerned, the Provincial Governments exercised certain limited powers delegated to them by the Secretary of State.

Position under the Reforms.

37. One of the fundamental principles laid down by the authors of the Report on Indian Constitutional Reforms as the basis for the new constitution was that the provinces should be given "the largest measure of financial independence of the Government of India which is compatible with the due discharge by the latter of its own responsibility." This was to be effected partly by a complete separation of the sources of revenue and partly by a relaxation of the orders under which proposals for Provincial expenditure had to be submitted to the Secretary of State for his approval. The broad outlines of the procedure by which this object was to be achieved are indicated in paragraph 59 of the First

Despatch of the Government of India on Indian Constitutional Reforms. They are briefly as follows :—

(a) *Public Services.*—In regard to all-India Services, the Secretary of State should retain virtually all his then existing powers for the pay and strength of the cadres while abrogating them in regard to other Services As regards subsidiary matters, such as temporary appointments, foreign service, allowances, leave rules, age of retirement, etc., broad fundamental regulations were to be laid down and all details were to be left to be administered in India in accordance with those regulations and under scrutiny of Audit. The scales and general conditions as regards pensions were to be incorporated in rules framed under the Act.

(b) *Staff of Public Offices.*—All minor restrictions on the powers of Provincial Governments should be removed, subject only to the condition that the Secretary of State's approval should be obtained in cases where the outlay exceeded a high and definite pecuniary limit or, in the alternative, where certain fundamental principles of administration are involved.

(c) *Public Works* —In regard to expenditure on public works, a high monetary limit should be imposed up to which works might be undertaken by Provincial Governments without reference to the Secretary of State.

(d) *High Officials*—In regard to the amenities of High Officials, there should be no relaxation of the Secretary of State's control.

(e) In regard to expenditure of an unusual nature or devoted to objects outside the ordinary work of administration, certain *canons of propriety were to be laid down to be enforced in* India under the surveillance of audit.

(f) *Audit.*—There should exist a powerful and independent Central audit, which would bring financial irregularities and misdemeanour prominently before the executive and the legislature.

38. In pursuance of these decisions, rules were drafted by the Government of India and submitted for the approval of Parliament. The principal features of these rules were as follows :—

(a) The rules included what are now known as the canons of financial propriety.

(b) No attempt was made to separate the rules relating to transferred and reserved subjects

(c) The rules in respect of transferred subjects imposed restrictions on the creation of appointments in the cadre of an all-India Service, on the creation of temporary appointments, on the grant of pensions, on the grant to officers of allowances, etc.,

not admissible under rules made under Section 96-B. The rules as regards expenditure on reserved subjects raised the limit of expenditure on irrigation schemes to Rs. 50 lakhs and on revisions of establishment from Rs. 50,000 to Rs. 15 lakhs. These restrictions were retained so as to ensure, in the case of the largest irrigation works, that the most competent expert advice was enlisted in their preparation, and in the case of revisions of establishment because some revisions might affect other provinces

(*d*) No sanction was valid without appropriation

39. The Joint Select Committee, which revised these draft rules, made very important alterations.*

(*a*) In the first place, they considered it essential to draw a clear distinction between the powers of a Provincial Government to sanction and incur expenditure on transferred subjects and its powers in relation to expenditure on reserved subjects.

(*b*) In the second place they considered it unnecessary and undesirable to prescribe by statutory rules the extent to which the Secretary of State in Council was prepared to delegate to Provincial Governments his powers of control over expenditure on reserved services They recommended that such delegation should, as in the past, be by means of executive orders made in virtue of the power conferred by the proviso to Section 21 of the Act.

(*c*) The rules relating to transferred subjects (Schedule III to Devolution Rules) imposed restrictions only on the creation of appointments ordinarily held by members of all-India Services, on the creation of temporary posts carrying a salary exceeding Rs 4,000 a month and on the grant of allowances and pensions not admissible under rules framed under Section 96-B. Subject to these limitations, Ministers were to be as free as possible from external control, and the control to be exercised over expenditure on transferred subjects was to be exercised by the provincial legislature and by that body alone.

(*d*) The portion of the Government of India's draft containing the canons of financial propriety was omitted, because the Committee considered that it would be constitutionally impossible for the Secretary of State to take power in the rules which he is to frame to intervene in the administration of transferred subjects [illegible] with these canons an[illegible] conditions in these ru[illegible] concerned, there would be no power to enforce. They recom-

* Report of the Joint Select Committee on the Draft Rules made under the Government of India Act.

mended that the substance of these rules should be incorporated in the rules to be framed by the Secretary of State in Council under Section 39 of the Act for the purpose of prescribing the duties of the Auditor General, that the duty should be specifically laid upon that authority of conducting his audit with reference to these canons and that any breach which he detected should be brought promptly to the notice of the local Government and of the Committee on Public Accounts The Committee also stated that it would be the duty of the Legislative Council to rectify irregularities of this description, and the manner in which notice had been taken of reports of the Auditor General would be an obvious point to which the Parliamentary Commission would be likely to direct its attention.

40. The introduction of the Reforms has therefore had the result of transferring the control over expenditure in respect of transferred subjects from the Secretary of State and the Government of India to the Legislative Councils, except in the case of all-India Services. The powers of expenditure of Provincial Governments in respect of reserved subjects have been defined in a Resolution of the Secretary of State in Council, commonly known as the Provincial Audit Resolution. The restrictions that have been imposed are similar to those that apply to transferred subjects, but the Secretary of State has retained control in respect of capital expenditure on certain schemes and extensive revisions of establishment involving heavy expenditure. So far as the Government of India are concerned, there is practically no control over Provincial expenditure. They can merely offer their advice or their comments in forwarding schemes, for the sanction of the Secretary of State.

41. There has been a further devolution of power since the introduction of the Reforms. The Royal Commission on the Superior Civil Services in India recommended that Provincial Governments should be given control not only over the newly Provincialised services in the transferred Departments but over all Provincial Services. Under the Civil Services Delegation Rules of 1926, Provincial Governments have now complete power to make rules regulating the method of recruitment, conditions of service, pay, allowances, pensions, etc., of Provincial Services, subordinate Services and special posts.

42. It will thus be observed that control over provincial expenditure is now limited to—

(a) the pay, allowances, etc., of all-India Services,

(b) the expenditure of the Provincial Governors,

(c) revisions of establishment in the reserved subjects, involving an annual expenditure exceeding a certain limit, and

(d) capital expenditure upon irrigation and navigation works, including docks and harbours, and upon projects for drainage, embankment and water storage and the utilisation of water-power, where the original estimate exceeds Rs. 50 lakhs.

The question of the retention of control in respect of the first two cases raises administrative and constitutional issues, the decision on which must depend on considerations other than financial. It is therefore not proposed to deal with them here. The degree of control that should be exercised by the Secretary of State and the Government of India over irrigation has been a subject of discussion for several years. Nominally this control rests with the Secretary of State in Council, whose sanction is required to these projects, but actually, since he maintains no advisers on irrigation matters, he exercises the control through the Government of India through whom the estimates are submitted to the Secretary of State The Government of India, however, have experienced considerable difficulty in exercising effective control, for the the following reasons :—

(1) In the first place, Provincial Governments are now financially responsible for their irrigation works and the revenue accruing from them forms part of their resources. No new work can be initiated unl ss and until a demand for the grant of necessary funds has been submitted to the local Legislative Council.

(2) In the second place, the efficiency, both technical and financial, of an irrigation project depends upon points of detail as well as upon the general wide conception of the scheme, and Provincial Governments are, not unnaturally, somewhat reluctant to accept advice on points of detail from outside authorities who cannot claim to possess any local knowledge. Nor are the Government of India in a position to ensure that they are put in possession of all the facts necessary for the formulation of a correct opinion.

43. There are two possible ways of dealing with the present position—

(a) Irrigation might be included in the list of Transferred subjects. This alternative, however, raises issues of an administrative character, and the question need not therefore be discussed here

(b) The limitations imposed by the audit resolution might be deleted and the present detailed technical control of the Secretary of State and the Government of India abandoned.

The question was discussed at great length with the Provincial Governments who were generally inclined to accept the second alternative, provided efficient machinery was created to prevent any province from launching upon a project likely to be detrimental to the best interets of any other province. Most of them considered that a second professional opinion on technical questions should be made available to them. It was suggested that a possible solution would be the formation of a Central Irrigation Board of Provincial Chief Engineers together with the Consulting Engineer to the Government of India, whom the Provincial Governments

could consult whenever a new project was about to be sanctioned. Under the new system, on the application of a Provincial Government, the Government of India would convene a sub-committee of this Board consisting of Chief Engineers who have had recent experience of works akin to those to be discussed, who would advise the local Government concerned on the questions at issue. The local Government asking for the Board would pay the travelling and halting allowances of its members; but their pay would continue to be borne by the Government to which they belonged, which would obtain in return the right to call for a Board whenever it required. It would be obligatory for a local Government to place all new projects the estimated cost of which would be Rs. 50 lakhs or over before the Board *for advice on their technical aspects.*

44. A Central Irrigation Board for advisory purposes has been functioning since 1927, but the Secretary of State has not divested himself of control over expenditure on irrigation schemes. Even if irrigation were transferred, it is a question for consideration whether such a Board should not be retained not only in the interests of the provinces themselves, but also to deal with schemes that affect more than one province or an Indian State.

D.—Provincial Borrowing

45. Before the Reforms, local authorities such as Port Trusts and the larger municipalities were allowed, subject to certain restrictions, to borrow small amounts in the open market on local security. This right, however, was never accorded to the Provinces, partly because the revenues of India were legally one and indivisible and were liable for all debts incurred for the purposes of the Government of India, and Provincial Governments possessed no separate resources on the security of which they could borrow. This privileged position gave the Government of India an effective means of ensuring Provincial solvency and the right of detailed interference for this purpose.

46. Even as regards what was known as the Provincial Loan Account, the control was very detailed. The procedure observed was briefly as follows. Every year the Provinces submitted an estimate of their requirements for the following year in respect of loans to cultivators and to municipal and other authorities. The Government of India provided the net amount after making such reductions as were necessary on account of their borrowing programme for the year. The principal features of the working of the system are described below :—

(1) The purposes for which local authorities might borrow were laid down in an all-India Act (Local Authorities Loans Act, 1914). The minimum rate of interest and the maximum

period of repayment for loans were fixed from time to time by rules under the Act, but the Provincial Government was allowed, without reference to the Government of India, to remit the payment of interest, to postpone an instalment due in repayment of capital, to write-off any bad debt and to charge a penal rate of interest on arrears.

(2) Loans to cultivators were regulated by another Act, but on similar principles. Provincial Governments were given complete freedom as regards the security for and the terms of these loans, except that they were bound to charge a higher rate of interest than that which they themselves paid to the Government of India. Maximum periods of repayment were prescribed by rules The Provincial Governments normally charged a uniform rate of interest on all loans to cultivators The difference between the rate of interest charged by the Government of India and that charged by the Provincial Governments to cultivators was credited to Provincial revenues.

(3) Repayments to the Provincial Loan Account in respect of previous loans were available to the Provinces for making fresh advances and the Provincial estimates were therefore based on net figures

(4) Repayments to the Account were not taken into account in fixing the rate of interest to be charged on new advances made by the Central Government. The provinces were charged the same rate of interest as the Government of India had to pay for new money.

47. These severe restrictions were necessitated not only by the constitutional position but also by certain practical considerations. The total market for borrowing before the War was very limited and the British market was very sensitive. It was, therefore, necessary to control the total borrowings by one agency. If the Provincial Governments had independent powers of borrowing, there was a possibility of the rates being forced up and the market dislocated and credit possibly impaired by indiscreet ventures.

48. The question of relaxing the control of the Central Government was considered by the authors of the Report on the Constitutional Reforms, who came to the conclusion that if Provincial Governments were to enjoy such real measure of independence as would enable them to pursue their development policy, they must be given some powers, however limited, of taking loans They recognised the impossibility of allowing Provincial Governments to compete with the Government of India in the open market but emphasised the importance of the principle that, as far as possible, the Central Government should regard an application for a loan "solely from the standpoint of finance and not from that of administration and that if it had the money and was

satisfied with the arrangements for financing the loan, it should not withhold sanction."* They came to the conclusion, however, that, in order to avoid harmful competition, Provincial Governments must continue to do their borrowing through the Government of India. If the Central Government found itself unable to raise sufficient money to meet all the demands of the Provinces in any particular year, a fair and equitable distribution between the Provinces should be made by a small committee on which the Central and the Provincial Governments were represented. They also recommended that if the Central Government was not able to raise the money and if there was good reason to believe that a Provincial project would attract money which would not be elicited by a Government of India loan, the Provincial Government should be allowed to have recourse to the Indian market subject to the approval of the Government of India to the method of borrowing, including the rate of interest, etc.

49. These proposals were subjected to considerable criticism by the Provincial Governments, some of whom desired unrestricted power of raising loans for Provincial purposes and most of whom objected to any scrutiny by the Central Government of the purposes for which a Provincial loan was raised or required. The Government of India, however, expressed their concurrence with the proposals in the report on constitutional reforms. They stated that the temporary unproductive debt which had to be redeemed or funded during the years 1918 to 1928 amounted to £75 millions, which was a very big figure for the Indian market. There was also the certainty of heavy borrowings for railway development. Their detailed proposals were briefly as follows :—†

(1) Priority should be given to loans required for famine relief and for financing the Provincial Loan Account.

(2) Apart from these special cases, Provinces should not borrow except for capital purposes.

(3) Establishment of sinking funds should be prescribed at least in the case of unproductive debt.

50. The rules that were framed in pursuance of these decisions underwent considerable changes during examination by the Joint Select Committee, who considered that loans raised in India should be differentiated from those raised in the United Kingdom for the purpose of prescribing the sanctioning authority and that the Government of India or the Secretary of State, as the case may be, should retain control over the effective rate of interest to be paid and the amount and form

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* Report on Indian Constitutional Reforms, paragraph 211.

† First Despatch on Indian Constitutional Reforms, paragraph 62.

of the issue.* The restrictions imposed by the statutory rules (commonly known as the Local Government Borrowing Rules), as revised by the Joint Select Committee, may be summarised as follows :—

(1) The purposes for which loans may be raised were specified, the purposes being—

(a) to meet capital expenditure,

(b) to meet any class of expenditure on irrigation which was previously met from loan funds,

(c) for famine relief and relief works,

(d) for financing the Provincial Loan Account, and

(e) for repayment and consolidation of loans raised, or repayment of advances made by the Central Government.

(2) No loans can be raised by a local Government without the sanction of the Governor General in Council or, in the case of a loan to be raised outside India, of the Secretary of State in Council.

(3) In sanctioning the raising of a loan, the Central Government or the Secretary of State may specify the amount of issue and any or all of the conditions under which the loan shall be raised.

(4) Interest on the loans raised is a prior charge on the revenues of the Provincial Government subject to certain exceptions.

51. The most important development since the Reforms in the relations between the Central Government and the Provincial Governments so far as borrowing is concerned is the establishment of the Provincial Loans Fund. The main object of the scheme, which was introduced in 1925, was to regulate the terms and conditions, the rate of interest and the period of amortisation of all advances made by the Central Government to the Provincial Governments. The salient features of the scheme are briefly indicated below :—

(1) The Fund is intended to be self-supporting and independent of the debt of the Central Government. All advances to Provincial Governments are made through this Fund, to which have also been transferred all the capital liabilities of the Provincial Governments to the Government of India on the date of the establishment of the Fund.

(2) The Fund is worked on the principle that if a Provincial Government makes suitable arrangements for the payment of interest and amortisation, money will be made available

* Second Report of the Joint Select Committee on Draft Rules under the Government of India Act, paragraph 3.

from the Fund to the full extent of the province's requirements. The Government of India will normally refrain from scrutinising the purposes for which loans are required by the province, the selective influence being provided by varying the terms of interest and repayment according to the object for which the money is borrowed. The rate of interest charged by the Central Government on advances to the Fund is determined on the basis of the cost of new borrowing, but the rate of interest charged for advances made out of the Fund to Provincial Governments varies according to the nature of the scheme for which the loan is required. The standard rate of interest calculated on certain principles is charged on all advances required for capital expenditure which could be classed as productive. For all other advances the rate is ¼th per cent. above the standard rate. Under the rules regulating the Fund no advances can be made out of the Fund unless the Provincial Government provides annually out of its ordinary revenue from the date of borrowing a sum sufficient to redeem it within a period not exceeding eighty years

(3) The Fund does not affect the right of provinces to borrow in the open market subject to the conditions laid down in the Local Government Borrowing Rules, and the Government of India retain full power to refuse or suspend advances to the Fund, if the financial position of India renders such a course imperative

52. Such in brief is the present position. The question might arise whether if the Provincial Governments were made financially autonomous or if the present system of allocation of revenues were abandoned and provincial revenues were vested in the Provincial Governments, it would be necessary to retain any of the restrictions now imposed on the borrowing powers of Provincial Governments. If any such development should take place the question might still have to be considered whether co-ordination of the borrowing activities of Provincial Governments would not be necessary in the interests of the provinces themselves and of India as a whole. The following are considerations bearing on this question :—

(a) In the first place, the provinces would get money at a cheaper rate if it were borrowed on the combined credit of the provinces and the Government of India. The following statement compares the rate of interest at which Provincial Governments were able to borrow money in the open market with the rates for the Government of India loans raised in the same year. It will be observed that the effective rate of interest on provincial loans is higher in every case than the corresponding rate for the Central Government loans.

Statement comparing the rates of Interest paid by the Provincial Governments on loans raised from the Public with the corresponding rates paid by the Central Government

Provincial loans.	Amount in lakhs of rupees	Effective rate of interest per cent	Rate of interest on the Government of India loans in the same year	Difference in interest per cent	Net loss per annum in the shape of interest in lakhs of rupees.
The Bombay Development Loan, 1920	9,39	7 13	6 57	0 56	5 26
The United Provinces Development Loan, 1921	4,20	7 36	6 57	0 79	3 32
The Punjab Development Loan, 1923.	1,92	6 26	5 88	0 38	0 73
The Punjab Development Loan, 1925	89	5 76	5 48	0 28	0 25
				Total	9 56

(*b*) In the second place, it would seem to be very undesirable for the Government of India and the Provincial Governments to compete against one another in the open market as regards their loan operations.

(*c*) In the third place, Bombay and Calcutta are the two principal money markets of India and other provinces would be at a disadvantage in raising money at these two cities.

It is therefore a question for consideration whether even if complete provincial financial autonomy were conceded, it might not be desirable for the Provincial Governments and the Government of India to borrow money on a system of co-operation through a common agency. This would seem particularly advantageous in the case of loans raised outside India. Appended to this Memorandum is a note describing a scheme worked out in broad outline by the Finance Department of the Government of India for the constitution of a body of National Debt Commissioners for India, which it is suggested might be entrusted with the work of investing the various funds now deposited with the Government of India and also with the management of the borrowing operations of the Provincial Governments (See Appendix I.) If such a body were constituted the Central Government would ordinarily raise its loans through the Commissioners or in consultation with them. The scheme has not yet been examined by the Government of India as a whole and they are not committed either to the principle underlying it or to the detailed propositions. It may be noted in this connection that a Loan Council consisting of representatives of Commonwealth

and State Governments has recently been constituted in Australia to deal with all borrowing for both Commonwealth and States.

53. A brief reference may here be made to a question which has been the subject of controversy ever since the introduction of the Reforms, *viz.*, the justification for payment of interest by Provincial Governments on capital expenditure incurred by Government upon the construction of protective irrigation works before the Reforms. Under Devolution Rule 24, the capital sums so spent by the Governor General in Council on works that have been handed over to the management of Provincial Governments are regarded as advances made to the Provincial Governments from the revenues of India and interest is paid by the Provincial Governments on these sums.* When the question was under discussion in 1919, the Government of the Central Provinces protested very strongly against the proposal, on the grounds that the works were constructed out of revenue (mostly out of Famine Insurance Fund Grant) and not out of loan funds and that they were not remunerative. The Government of India urged that the levy of interest charges was justified since—

(1) the money spent out of the Famine Insurance Grant on these works would otherwise have been available for the productive works programme, and

(2) the protective irrigation works might later become productive.

The provincial point of view was laid before the Meston Committee, the Secretary of State and the Joint Select Committee, who all agreed with the Government of India

54. The question was discussed at the Conference of Financial Representatives in 1922, but it was decided that there was no justification for a change in the system until the provincial contributions had been entirely remitted

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E.—Remittance and Resource Arrangements.

55. The questions of the control over the resources (taxation and borrowing) of Provincial Governments and over their powers of expenditure have been dealt with in the preceding sections. The working of the financial machinery by which provinces are kept supplied with funds during the year at the numerous paying centres in India and in England, sufficient in all cases to meet immediately the local demands on them, and by which the accounts of all Government transactions are compiled and audited, brings the Central Government into contact with the Provincial Governments at numerous points; and in order

* Devolution Rule 24 (1).

to avoid friction being engendered and to ensure the smooth working of the mechanism certain powers of control in respect of these matters have been vested in the Central Government and the Secretary of State. These powers are briefly described below :—

(1) Under Rule 16 of the Devolution Rules made under Section 45-A of the Government of India Act, the Governor General in Council is the sole custodian of the public account, into which are paid all monies derived from sources of provincial revenue He has also the power, with the previous sanction of the Secretary of State in Council, to prescribe by general or special order the procedure to be followed in the payment of monies into and in the withdrawal, transfer and disbursement from the public account, and for the custody of money standing in the account.

(2) Under Rule 21 of the Devolution Rules, the Governor General may, at any time when he considers such a course essential in the financial interests of India as a whole, require any local Government so to regulate its programme of expenditure as not to reduce the balance at its credit in the public account on a specific date or dates below a stated figure. He also has the power to take the necessary steps by the restriction of issues of money to secure this end.

(3) Under item 15, Schedule I, Part I of the Devolution Rules, the Indian Audit Department, which compiles and audits the accounts of the transactions of the Provincial and Central Governments, is a Central subject.

(4) Section 96-D of the Government of IndiaAct provides for the appointment by the Secretary of State of an Auditor General in India who is in some respects independent both of the Central Government and the Provincial Governments. This official has been entrusted, by rules made under the same section, with the duty of auditing all expenditure in India and also of compiling the Finance and Revenue Accounts of India. He has been given the necessary power to enable him to discharge his statutory functions as well as certain administrative powers over the Indian Audit Department.

56. For an adequate discussion of the various issues that have arisen during the last eight years in connection with the exercise of these powers, it is necessary briefly to describe the very complicated financial system that has been gradually evolved in the course of the last fifty years or more. At the headquarters of each district in India, there is a Government treasury, usually called the district treasury, which has under it several sub-treasuries distributed throughout the district. Into these treasuries and sub-treasuries, which number over 1,500, are paid the entire public receipts of the Government of India as well as of the Provincial Governments and from them are made all the payments on behalf of all the Governments They are, however, wholly under the

administrative control of the Provincial Governments, who also bear the entire cost of the establishment. In places where there is a branch of the Imperial Bank of India, the treasury business is conducted for Government by the bank. There is nothing in the Indian arrangements corresponding to the system of exchequer issues in England which effectively prevents the spending authorities from getting possession of more money than Parliament has granted them. There is no periodical issue of credits to the various Departments, and provided orders for payment are issued by authorised Government officials, the bank or the treasury, as the case may be, makes the payments, without enquiring whether the grant has been exceeded

Compilation of accounts.

57. The process by which these receipts and payments are consolidated into the "Finance and Revenue Accounts of the Government of India" annually presented by the Secretary of State to both Houses of Parliament is briefly described below *.—

(a) The receipts and payments made at the treasuries are compiled at each district treasury into a monthly account which is sent to the provincial Accountant General. In the case of certain large departments, however, *e.g.*, the Railway, Military, and Posts and Telegraphs, payments are made into the treasury through the departmental officers, who also draw money by cheques or otherwise from the treasury. These departmental officers send the monthly detailed accounts of their transactions with the treasuries to their own Accounts and Audit officers and not to the provincial Accountants General. At this stage so far as treasury transactions are concerned, no distinction is made between Central and Provincial items.

(b) The next stage in the process is the classification of these receipts and payments under the appropriate heads of account. A certain amount of classification work is done at the treasuries and departmental offices, but the bulk of the accounting work including the consolidation of the accounts is done at the offices of the provincial Accountants General and other Accounts and Audit offices.

(c) Then comes audit which, as regards receipts, is confined to seeing that all sums receivable by Government are duly received and recorded. The audit of receipts is mainly done by the revenue authorities concerned. As regards expenditure, apart from the limited preliminary check applied at the treasury, the audit is conducted by trained audit officers

* The description of the accounting system is taken from Pritchard's "Introduction to Indian Government Accounts" and the Account Code.

(civil, railway, military, etc.), who with the aid of large staffs scrutinise expenditure over its whole extent and see that it is in accordance with the elaborate codes, sanctions and orders framed for its regulation

(*d*) The last stage is compilation The monthly accounts received from the treasuries and departmental officers and already classified and audited are compiled into consolidated monthly accounts of provinces, railways, military districts and other audit circles. Extracts of the Civil, Posts and Telegraphs and Railway accounts are submitted to the Controller of the Currency who consolidates them month by month The functions of this officer will be presently described

The accounts of receipts and payments occurring in England, which are controlled, audited and finally booked against the respective Governments and heads of accounts in the offices of the Secretary of State and the High Commissioner for India, are also sent to India. The Auditor General consolidates the annual accounts of all public offices in India as well as the accounts of transactions in England into one annual account for the whole country This account is presented by the Secretary of State to both the Houses of Parliament and is called the " Finance and Revenue Accounts of the Government of India."

Ways and Means.

58. As has already been explained, the Central Government is the sole custodian of the cash balances of all the provinces and on it therefore devolves the duty of [illegible]
the year, both in India a [illegible]
on the Provincial and th [illegible]
include not only the revenues of these Governments but also—

(1) the large amounts borrowed by Government for capital expenditure on railway and irrigation ;

(2) the 'unfunded' debt of India, a term which is applied to a large number of interest-bearing obligations consisting of funds deposited for various purposes, such as—

(*a*) Service Funds,

(*b*) Post Office Savings Bank deposits,

(*c*) Post Office Cash Certificate receipts,

(*d*) Provident funds,

(*e*) *Postal Insurance and Life Annuity Funds*, etc. ;

(3) various statutory and other funds on which the Government of India have to pay interest, such as—

(*a*) the Famine Insurance Fund,

(*b*) depreciation, etc., funds of certain commercial departments ;

(4) certain deposits, such as—

(a) the deposits of local bodies,

(b) departmental and judicial deposits, and various other accounts in regard to which the Government acts as banker, remitter, borrower or lender.

These balances, it may be noted, are utilised not only for meeting the ordinary cash outgoings but in part also for financing the capital programme of the Government of India and for advances to the Provincial Loans Fund.

59. The process by which an adequate cash balance is maintained at the numerous treasuries and sub-treasuries scattered all over the country is briefly as follows :—

A forecast is first made of the opening balances of the year and of the monthly incomings and outgoings of all kinds belonging to the Central Government and all the Provincial Governments. By raising a loan or by reducing the amount proposed for expenditure, the estimated Government balance is normally never allowed to fall below a minimum figure The method by which this cash balance is distributed between the numerous sub-treasuries all over the country so that each shall have at all times sufficient funds to meet the demands on it is much more complicated and it is very closely connected with the working of the Indian Paper Currency Act. Under the provisions of this Act, the amount of currency notes in circulation at any time may not exceed in value the amount of coin, bullion and securities held in the Paper Currency Reserve by the Secretary of State for India and the Government of India. The Security Reserve consists of securities held by the Secretary of State in England and securities held by the Governor General in Council, which latter are kept in the custody of the Controller of the Currency. A portion of the metallic reserve is kept partly in currency offices and partly in what are called currency chests which are maintained at every district treasury and a large number of sub-treasuries. The object of maintaining these currency chests, which are a peculiar *feature of the Indian system, is to prevent money* being unnecessarily locked up in treasury balances and to facilitate the transfer of funds as explained below :—

"Notes held in a currency chest are not in circulation within the meaning of the Indian Paper Currency Act, while coin held in a currency chest is part of the reserve held by Government against notes that are in circulation. Assuming that there are no transactions elsewhere, the deposit of notes in a currency chest decreases the amount of notes in circulation and the deposit of rupees in a currency chest increases the amount of coin in the Paper Currency Reserve. A deposit of coin or notes in a currency chest thus enables *Government to issue notes elsewhere up to the amount of*

the deposit without exceeding the limits of circulation laid down by the Act. If, therefore, a transfer of funds from the treasury balance at A to the treasury balance at B is required, this can be effected at short notice and without the actual remittance of coin or notes by transferring money from the treasury balance to the currency chest at A and transferring the same amount from the currency chest to the treasury balance at B In this way transfer of funds between places where there are currency chests is effected without the actual remittance of coin or notes; and this is the normal method of putting branches of the Imperial Bank of India, treasuries and sub-treasuries in funds and removing surpluses accumulating thereat to headquarters. The stock of currency notes and coin kept in a currency chest varies according to the needs of the respective districts. Remittances are made periodically from currency chests to Currency Offices and *vice versa* in order to keep the stocks at the necessary figure "*

60 The policy of the Government has been to reduce the balances at these sub-treasuries to the smallest amount possible. By the provision of currency chests at sub-treasuries, by the extension of power to selected sub-treasury officers to withdraw funds without previous sanction and by encouraging treasury officers generally to reduce their balances by making use of the facilities for remittance provided by these chests, the balances at Government treasuries have been economised to an amazing extent. During the year 1927-28 the average aggregate balance at all the 1,500 treasuries and sub-treasuries was only Rs 2·30 crores and in only one month during the year was it over Rs. 2½ crores.†

61. The Imperial Bank of India is responsible for the provision of funds at its branches which, as has already been explained, do treasury work on behalf of the Government. The Controller of the Currency keeps in the Government account at the Imperial Bank of India a sum sufficient to enable the bank to meet Government disbursements at all its branches, but the detailed distribution of this sum among the branches is left to the authorities of the Bank. To facilitate remittances to England, the bulk of the balances at the Imperial Bank of India is held at the principal commercial centres from which normally remittance operations are made. Unlike the balances at Government treasuries, the balance at the Imperial Bank of India varies considerably from month to month and also from year to year, for the Imperial Bank balances are utilized not only for ordinary disbursements but also for certain currency operations. For instance, the balance in July 1926 was over Rs. 36 crores, while in March 1928 it was as low as Rs 6 crores

* Para. 105, "An Introduction to Indian Government Accounts," page 53.

† Annual Report of the Controller of Currency, 1927-28

The average balance in 1926-27 was Rs. 10 99 crores while in 1927-28 it was only Rs. 10·56 crores.*

62. The provision of adequate cash balances in India has so far been dealt with. The provision of funds in London to meet the very large payments which the Secretary of State for India has to make in England is also an important part of the ways and means operations of Government, and the process by which it is made is very closely connected with the currency operations of the Government of India. Until recently the Secretary of State kept himself supplied with funds by the sale of what were commonly known as 'council bills' and by means of telegraphic transfers payable at Calcutta, Madras or Bombay. The annual exports from India being normally in excess of its imports, ordinarily there has usually been a large demand from the public for remittance of funds from England to India. Partly to meet this demand and partly to provide himself with funds to meet the large payments he had to make in England on behalf of the Central and Provincial Governments, the Secretary of State sold these council bills and telegraphic transfers payable in India against funds supplied to him in England. This system, however, has now been discontinued and the requirements of the Secretary of State and the High Commissioner are met by the purchase of sterling by the Government of India in India from banks and firms on an approved list. These banks and firms arrange with their London agents by cable for the payment of the sterling purchased by the Government to the Imperial Bank of India in London for credit to the account of the Secretary of State at the Bank of England. The rupee payments made by the Government are met from their treasury balances with the Imperial Bank of India.

63. The Secretary of State does not make any monthly forecast of his requirements but intimates by cable at irregular intervals the amounts of money that should be remitted. The amounts required are remitted by the Controller of the Currency, provided exchange is not unfavourable and the Government balances in India are adequate. If, however, the rate of exchange is very low, remittances are not infrequently made through the medium of the Paper Currency Reserve. As has been pointed out in an earlier portion of the Memorandum, a portion of the Security Reserve is held in England and if monetary conditions render such a course desirable, these securities are sometimes transferred to the treasury balances of the Secretary of State, a corresponding amount in the shape of notes or coin being transferred to the Currency Reserve in India. For instance, in 1926-27, owing to various reasons, Government were not in a position to remit any large sums of money through the market. Consequently large transfers of sterling securities to the treasury balances of the Secretary of State had to be made. The amounts thus transferred through the Paper Currency Reserve aggregated nearly Rs 23¼ crores between April and December 1926. The amount held in the Paper Currency Reserve in

* Reports of the Controller of Currency, 1926-27 and 1927-28

the shape of sterling securities in England was Rs. 21 crores in August 1926 while there were no securities at all in the Paper Currency Reserve in England in June 1927 The present figure (15th June 1928) is Rs. 4¾ crores.

64. Remittances made to England are, however, not regulated entirely by the requirements of the Secretary of State. When the rate of exchange is very favourable and especially when it tends to reach the upper gold point, large amounts are remitted by the Government irrespective of the demands of the Secretary of State. In fact, the amount of monthly remittances varies considerably with the current rate of exchange. For instance, in 1927-28, the remittances in July and August were a little over one million pounds sterling, while in November, December and January, when the rate of exchange was very favourable, the amounts remitted aggregated £14½ millions *

65 The Government of India, as the custodian of the balances of the Provincial Governments, provide the funds necessary for payment on behalf of the Provincial Governments both in India and in England The Provincial Governments make no remittances to England and all payments on their behalf are made by the Secretary of State and the High Commissioner and are adjusted in the final accounts. For the purposes of adjustment, the rate of exchange is generally taken to be the average rate during the month in which the payment was made and not the rate at which the Government of India remitted funds.

66. The Indian financial machinery of administration thus differs in several important respects from the English arrangements. In England all the public balances and accounts are kept at the Bank of England and the machinery of financial administration is consequently highly centralised. All public receipts ultimately reach the Bank of England and all original issues of public money are made from it. The question of 'resource' therefore does not arise and even the problem of ways and means is simplified by being confined to revenue and expenditure proper and by the exclusion of debt and remittance which are separately dealt with.

On the other hand, in India a highly complicated system has become necessary, partly owing to the absence of a central bank and the undeveloped state of private banking and partly owing to the enormous area of the country and its huge population. The machinery that has been evolved is in many respects similar to that of one of the big modern banking organisations of Europe with its numerous branches scattered all over the country and with a highly centralised system of control from the head office. As has been observed, there are over 1,500 treasuries and sub-treasuries at which public receipts and payments occur. Corresponding to the fixed deposits of a bank, there are the Service Funds, the Provident Funds and various other funds on which Government pay interest Similarly there are the Post Office Savings Bank

* Reports of the Controller of Currency 1926-27 and 1927 28

deposits corresponding to the Savings Bank section of a bank. Corresponding to the current deposits, there are the revenues of Provincial Governments and local authorities and the departmental and judicial deposits on which normally no interest is paid. The Central Government also makes use of these deposits not only to finance its own capital programme but also to make advances to the depositors. Like at typical banker it receives deposits at a comparatively low rate of interes and relends the money—in some cases to the depositors themselves—at a higher rate. Just as a big banking organisation aims at reducing the surplus at its branches to a minimum and concentrates its balances at the head office and one or two branches where they can be most profitably utilised, the Central Government in India has also evolved an elaborate machinery by which the balances at the sub-treasuries and treasuries have been reduced to a very low figure. This assumption by the State of the functions of a banker and remitter has immensely complicated the problem of ways and means and the constant adjustment to each other of the fluctuating volumes of incomings and outgoings.

67. The system has on the whole worked efficiently, but it has sometimes been criticised as cumbrous and defective, both from the constitutional as well as the financial point of view. With the criticisms directed against the currency and exchange operations of the Government, this Memorandum is not concerned. So far as the financial relations between the Central and Provincial Governments are concerned, the peculiarities which have evoked criticism are summarised below :—

(1) In the first place, the apportionment of the cost of administration between the Central Government and the Provincial Governments is not made on any logical basis. The treasuries and sub-treasuries, as has been pointed out already, deal with Central as well as Provincial transactions, but they are under the general administrative control of the Provincial Governments, who bear the entire cost of maintaining them. Actually the Provincial Treasury Officer is under the control of the Controller of the Currency so far as resource arrangements are concerned and under the Accountant General for accounts purposes. Both these are officers of the Central Governments. The Governor General in Council has also the power of issuing 'treasury orders' regulating the procedure to be observed at all the treasuries. The Central Government bears the entire cost of the compilation of accounts and of the arrangements for remittance and resource.

(2) In the second place, the Central Government, except in certain cases which will be referred to in a subsequent portion of this Memorandum, allows no interest on the balances of the Provincial Governments or on the departmental and judicial deposits, which are all merged in the general balances

and are utilised not only for financing the capital programme of the Central Government but also for making advances to the Provincial Governments on which, of course, interest is charged. Even as regards certain deposits, such as the Famine Insurance Fund, on which the Central Government allows interest, the rate of interest allowed is normally lower than the rate of interest at which advances are made to the Provincial Loans Fund.

(3) In the third place, under the present system of accounting no distinction can be made in the initial stages between a payment on account of the Central Government and a payment on account of a Provincial Government. It is only after a considerable lapse of time that the accounts are separated. It is impossible, therefore, at any given time to say whether a province has an overdraft or a surplus in its banking account and it is only after the lapse of months that its exact position at the end of the financial year is ascertained.

68. Certain minor criticisms which need not be mentioned here in detail have also been levelled against the system, and the question has often been discussed during the last eight years whether the present cumbrous system could not be simplified and some of these defects removed by a decentralisation of the financial functions of the Central Government It is a question for consideration whether decentralisation, if desirable at all, should be on a territorial basis or on a functional basis. If it is held that political considerations should outweigh considerations of a financial character and complete financial as well as administrative autonomy should be conceded to the provinces, decentralisation on a territorial basis would seem to be almost inevitable. It would, however, involve provincial responsibility for accounts, ways and means, remittance operations, provincial loans, etc , and would necessitate the maintenance of trained financial staffs at the headquarters of Provincial Governments All these services would have to be paid for by the Provincial Governments The latter method, *i.e.*, de-centralisation on a functional basis, would be more in accordance with the development of non-governmental financial organisations. The tendency in all banking and other financial organisations is towards amalgamation and centralisation of control, which renders possible the employment of highly paid experts and reduces the overhead charges. From the purely financial point of view, it might be argued that a more effective method of simplifying the present system would be by the transfer of certain definite functions to specially constituted bodies such as a central bank, which would deal with currency and remittances and be in charge of all balances or a Board of National Debt Commissioners who would be entrusted with the work of borrowing and investment. It will be observed from a subsequent portion of the Memorandum that the tendency in most modern federations is towards centralisation rather than towards decentralisation.

69. Certain specific problems such as—

(*a*) the separation of provincial balances, and

(*b*) the separation of accounts from audit, which have arisen during the last eight years, will be dealt with in the succeeding Sections

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F.—Separation of Provincial Balances.

70. The separation of provincial balances has been urged partly on financial grounds and partly on grounds of a constitutional character. Under the rules in force immediately after the introduction of the reformed constitution, Provincial Governments were not entitled to any interest on their ordinary balances, which included loan funds. The Government of Bombay protested against this system and claimed interest on the temporarily su[illegible] at it had raised for development purp[illegible], was decided to make a distinction between ordinary balances and surplus loan funds on which the Provincial Governments were actually paying interest, and from June 1921 Provincial Governments were allowed interest on surplus loan funds equivalent to the current yield on treasury bills, provided an under-taking was given that these would not be withdrawn for a certain fixed period. No minimum amount or period was, however, fixed for such deposits.

71. The Provincial Governments were not entirely satisfied with this arrangement and claimed that the Central Government should in fairness pay interest on the whole of their balances and pressed for complete liberty to the provinces as regards the disposal of their surplus moneys whether by investment in securities of the Government of India or by deposits in approved banks In answer to this it was pointed out that such a course was neither practicable nor constitutionally desirable. It was also urged that since the Central Government did resource and currency work for Provincial Governments, they were entitled to the free use of provincial balances. These services, however, have been rendered impartially to all provinces irrespective of the magnitude of their balances, and an obvious criticism of the arrangements in force was that they benefited Governments which had small balances or none at the expense of those which had large balances. After some discussion the principle was definitely recognised that a Provincial Government should in certain circumstances be allowed interest on its balances and the Devolution Rules were amended by the addition of the following sub-rule to rule 22 :—

> "The Governor-General in Council may also pay to a local Government interest on its surplus balances on such conditions as he may, with the approval of the Secretary of State, prescribe."

72. There were, however, two practical difficulties in the way of the adoption of this principle.

(1) The first was to determine exactly the circumstances that would justify the payment of interest. To overcome this, the following arrangements have been made :—

(a) No interest is allowed on deposits unless the amount deposited is not less than Rs 25 lakhs and the period of deposit is not less than 6 months at a time In the case of Assam, however, owing to special circumstances, the minimum has been fixed at Rs. 10 lakhs.

(b) Interest is allowed at one per cent less than the rate charged by the Government of India on advances to the Provincial Loans Fund during the period on deposits which are initially declared for 12 months and over and at two per cent less for shorter periods

(c) No interest is paid if the balance of a province after taking the fixed deposit into account is overdrawn for more than one-third of the period of the deposit. Withdrawals within the period are treated as temporary advances bearing interest

(2) The second difficulty arose from the fact that under the system of accounting it is not easy to ascertain precisely the balance at the credit or debit of a Provincial Government on any given date. A scheme, however, was worked out by the Auditor General to overcome this difficulty. It is described in Article 298A of the Account Code

73 From the constitutional point of view, it has been urged that the separation of provincial balances from those of the Central Government is an essential preliminary to an appreciable advance towards provincial autonomy. In fact, it is stated that, until a Government has its own separate balances, it cannot adequately realise the importance of financial considerations The following advantages are claimed by advocates of this measure —

(1) It would enable the Provincial Governments to know precisely whether they have an overdraft or a surplus in their banking accounts.

(2) With the separation of Banking accounts, the Provincial Governments and their Finance Departments would for the first time be brought up against ways and means questions They would then have to consider such matters as attempting to spread their expenditure over the year in such a way as to coincide with the periods when their revenue comes in. They would have to arrange for financing slack seasons of the year when expenditure exceeds revenue, by obtaining accommodation from their bankers for the purpose. They would have to study the problems connected with the lending out temporarily of surpluses due either to such exceptional receipts as the issue of loans or to temporary periods

of revenue exceeding expenditure. The separation would also compel the Provincial Governments and their legislatures, who at present are sheltered from the complexity of ways and means questions, to realise a fuller financial responsibility. In short, it is claimed that the separation is essential in order to educate the Provincial Governments in matters of high finance.

74. The theoretical and practical objections that might be urged to the proposal are summarised below :—

(1) In the first place, the provincialisation of accounts, (audit remaining a central subject), which is an essential preliminary to the introduction of the scheme, will involve heavy additional expenditure. It has been estimated that the extra cost will be at least Rs. 2 lakhs per annum for each province.

(2) In the second place, if provincial balances were separated, the ways and means programme, which is single at present, would have to be divided into ten portions, nine on behalf of the Provinces and the tenth on behalf of the Central Government. The combined balances after the separation of the banking accounts would almost certainly exceed the single balance now regarded by the Government of India as the necessary minimum. There would be ten margins to meet, as the case may be, instead of one as at present, and the Imperial Bank of India, with whom all Government monies would presumably be kept under the new scheme, would be the gainer.

(3) In the third place, the difficulty of ascertaining the precise balances of the Provincial Governments and the Central Government on any particular date arises from circumstances connected with the accounting system and will not be entirely solved, though it may be simplified to some extent, by the separation of the banking accounts.

(4) In the fourth place, some of the advantages claimed for the separation are of a fictitious nature. The provincial balances after the separation would presumably be kept with the Imperial Bank of India, which has branches all over India, and in actual operation the system would merely substitute the control of the Imperial Bank of India for the control by the Central Government. Centralisation would continue, but the amount saved by the present arrangements would be transferred to a private bank instead of being credited to the Central Government and set off against the cost of services which are rendered to the Provincial Governments and which would otherwise be charged for. To meet temporary deficits the Provincial Governments would be compelled to take advances from the bank or issue treasury

bills They would also have to make their own arrangements for remittances abroad through the bank. Even if it were admitted that, under the present system, the Central Government makes considerable profits, it might be argued that a more appropriate solution would be an apportionment of the cost on more rational lines among the various Governments rather than the adoption of a system that would result in the transfer of the profits to a private bank It is also doubtful whether Imperial Bank would give more favourable terms as regards interest on deposits than those offered by the Central Government at present.

(5) In the fifth place, it is debatable whether the system would lead to a higher sense of financial responsibility in Provincial Governments and Legislatures Members of the Legislature even in the advanced countries of Europe ordinarily take no interest in the intricate financial operations that are necessary for the carrying on the ordinary day-today administration The problems of ways and means, resource and remittances are dealt with by specially trained officers The separation in India would probably involve the initiation of a few provincial officers into the mysteries of higher finance, but it is doubtful whether anything more would be achieved.

75. The question of the separation of banking accounts was discussed at the annual Conferences of Financial Representatives held in 1922, 1923 and 1924 The general view of the representatives in 1924 was that the necessity for an immediate change had not been proved It was recognised generally that the separation of banking accounts was not a matter in which it was essential to move quickly and that it was not necessary to introduce the change simultaneously in all provinces. The Reforms Enquiry Committee which examined the working of the constitution in 1924 recommended the separation of Central from Provincial balances as an essential preliminary to an appreciable advance towards provincial autonomy. The Government of India accepted this recommendation, but were of opinion that the change could not be introduced at a moment's notice and that the new system must be slowly evolved with all possible caution They considered that the immediate action to be taken on the recommendations of the Reforms Enquiry Committee should be limited to an extension of the experiment already undertaken with a view to the separation of provincial accounts from audit, which was regarded as essential before the balances could be separated.

G.—SEPARATION OF AUDIT FROM ACCOUNTS.

76. It will be observed from the description of the financial machinery given in Section E that under the present constitution the Auditor

General is not only responsible for the audit of Government transactions but is also entrusted with the compilation of the Finance and Revenue Accounts of India which are annually presented to Parliament. In order to enable him adequately to discharge this function, he has been invested by statutory rules with the power of prescribing the forms in which accounts should be kept by the combined audit and accounts staff under him. The actual work of compilation and consolidation is, it has been noticed, done in almost all the provinces by a Central staff under the Accountant-General except in the case of certain Departments. The Auditor General is also required by statutory rules to make arrangements for the supply of any information derivable from the accounts that may be required by Provincial Governments and to render them such assistance as may be necessary in the preparation of the annual budget estimates. In practice, the Accountant General advises the Provincial Government unofficially on questions of leave, allowances, pay, etc, and also criticises departmental estimates in the light of past actuals.

77. The system is thus in important respects different from that in force in England where the Comptroller and Auditor General is responsible only for audit. Moreover, in England, to each of the great Departments which has financial functions to perform there is attached [illegible] ad of the Depart- [illegible] held responsible [illegible] check of transac- [illegible] practice resulted in considerable inconvenience, and its defects have been pointed out in the Memorandum submitted to the Statutory Commission by the Government of the United Provinces. The more important of these are briefly summarised below.—

(1) In the first place, the system of sending bills in batches from the treasuries to a head office for classification, check and audit before they are passed into the accounts has caused great delay in the preparation of the accounts, which are seldom ready for several weeks after the close of the monthly transactions. This has made it exceedingly difficult for the heads of Departments to control their expenditure, since they are not in a position to find out what their expenditure was on a particular date until about two months later. The system, moreover, discourages expenditure of money towards the end of the year and consequently unnecessarily large sums have lapsed every year.

(2) In the second place, since the auditor himself compiles the accounts, the audit of accounts has been of a perfunctory character.

(3) In the third place, since the Accountant General has no knowledge of the working of the Departments whose estimates he criticises, his scrutiny is merely mechanical and based

on past actuals. In the absence of any close control of expenditure the system encourages overbudgetting on the part of Departments

78. To remove these defects, the separation of accounts from audit was suggested in 1923 The question was first raised by the Indian Retrenchment Committee, who considered it purely from the point of view of Central expenditure They pointed out that under the present rules the Provincial Governments could demand from the Auditor General any information derivable from accounts without paying for it They considered that the separation of accounts from audit would enable the Central Government to relieve itself of a portion of the expenditure which it now incurs in connection with the maintenance of accounts or, at any rate, it would prevent Provincial Governments from demanding information relating to accounts that would involve unduly large expenditure from Central revenues A scheme for the provincialisation of accounts was worked out in 1923 and put into practice in the United Provinces as an experimental measure. After a period of trial in two Departments, it was brought into force in all the Departments in these Provinces with effect from the 1st April 1926 The principal features of the new system are described in paragraph 99 of the Memorandum submitted by the Government of the United Provinces, which is quoted below for facility of reference :—

"(1) To each department is attached a pay and accounts office, the head of which is known as pay and accounts officer. He is a gazetted Government servant of the status of an assistant accounts officer in the Indian Audit and Accounts department. The larger departments (Public Works department, Land Revenue, General Administration, Administration of Justice, Education and Police) have each an accounts office and officer of its own; the smaller departments, arranged in convenient groups, share such an office and officer.

(2) These offices are located where possible in the office of the head of the department, or at all events in the same place and in convenient proximity to him.

(3) Bills against the various departments are no longer presented at the treasury but sent to the pay and accounts officer concerned. He preaudits the bill and then pays it by cheque, subsequently passing the charge into the departmental accounts which he compiles.

(4) Provincial accounts are maintained in a central accounts office which is under the immediate charge of a deputy chief accounting officer of the status of a first class officer of the Indian Audit and Accounts department, and in superior charge of the chief accounting officer, who is the finance secretary. This officer also deals with various accounts that cannot be easily departmentalised: for instance, loans

and advances, exchange accounts, etc. The deputy chief accounting officer further acts as pay and accounts officer for the forest department.

(5) The pay and accounts officers prepare the revised and budget estimates in the same way and on much the same lines as the former accountant general. They subsequently send them to the finance department, which examines and passes them and subsequently prints the detailed estimates.

(6) To each accounts office is attached an audit section, the duty of which is to examine its accounts These audit sections are under a central officer, namely the director of audit. He also has staff sufficient to send out into the districts to inspect accounts there. Bills are no longer examined at the treasuries, which have become merely counters where moneys are actually paid or received."

79. The advantages claimed for the system, which are also described in the Memorandum submitted by the United Provinces Government, are as follows:—

(1) It is stated that, under the new system, departmental accounts instead of being two months late are now ready within a fortnight of the end of the month to which they refer, and consequently heads of departments do not experience any difficulty in ascertaining the progress of their expenditure and in controlling it.

(2) Audit under the new system is entirely independent of accounts and inasmuch as the accounting staff is an expert staff the amount of routine work that devolves on audit is greatly diminished. It is argued that the audit staff under the new system ought to be able to devote itself to more important enquiries and investigations.

(3) The Pay and Accounts Officer, being attached to a single Department, is conversant with its needs and difficulties and prepares its budget and revised estimates accordingly.

(4) Controlling officers are no longer tempted to leave margins and this renders more accurate budgetting possible.

(5) Finally, the Provincial Government having to maintain its own accounts is made to entertain a greater sense of responsibility and has an ampler scope in directing its administration

80. The system has been worked with great enthusiasm by the Government of the United Provinces with the assistance of a specially selected staff, and it is stated that the experiment has on the whole proved a success. It is, however, a question for consideration whether the advantages claimed for the system could not be obtained without a complete provincialisation of accounts. The following points might

be noted in considering the question whether the system should be adopted universally in India :—

(1) In the first place, the advantages of a pre-audit, so far as the Provincial Departments are concerned, may be overrated It is stated that it functions best where there is least possibility of leakage under the old system. It is debatable whether it is very effective in the case of contingent expenditure and whether it can be universally applied to works expenditure where leakages most frequently occur It has not been found practicable to introduce it in the Public Works Department of the United Provinces, though it is understood that the system of pre-audit has been applied to big public works in a restricted area (*e g* the Lloyd Barrage Scheme of Bombay).

(2) In the second place, as regards the speedy compilation of accounts for the use of heads of departments and the avoidance of excesses or savings in budget allotments, it might be pointed out that the head of the department has relatively little interest in the progress of expenditure during the first six months of the financial year He is vitally concerned in expenditure between October and February. In October he has to forecast his supplementary requirements for the current year and frame his budget for the next year The old type of Accountant General's office has generally been re-organised on a departmental basis and there is nothing to prevent a weekly compilation of accounts provided the local Government pays for special staff for the purpose The cost of such staff would be only a fraction of the total extra expenditure which universal separation would entail

(3) In the third place, separation would indubitably be expensive. The accounts officer requires as many men as the older Accountant General's office contained and the specialised audit staff is approximately one-third of the accounts office. It is estimated that the system will involve an additional *expenditure of at least Rs 3 lakhs per annum in the major* provinces It is argued that separation of balances might make good this extra cost to Provincial Governments, but it seems clear that so far as the Central Government and the Provincial Governments taken as a whole are concerned, there must be extra expenditure; nor is the separation of balances essential for the separation of accounting from audit.

(4) In the fourth place, under the new system there is a certain amount of duplication of audit proper. The account offices exercise an internal check which is as extensive as under the former system, but owing to the necessity for quick

and advances, exchange accounts, etc. The deputy chief accounting officer further acts as pay and accounts officer for the forest department.

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(4) In the fourth place, under the new system there is a certain amount of duplication of audit proper. The account offices exercise an internal check which is as extensive as under the former system, but owing to the necessity for quick

payments, have to concentrate only on essentials. The super-imposed audit staff does an intensified check of the audit done in the accounts offices. It is claimed that the new system gives more time to the audit staff for what has been described as "higher" audit, *i.e.*, enquiries and investigations into the system of expenditure with reference to broad principles such as those indicated in the canons of financial propriety. It might be argued, however, that for the efficient conduct of higher audit the staff is more disadvantageously placed than before. The audit staff proper is debarred from daily touch through correspondence with executive officers and cannot readily appreciate the complexities of practical problems and if, as has been suggested, local inspections were also entrusted to accounting offices, audit's contact with the realities of administration would be gone It might also be argued that the men best fitted to make enquiries into the system of expenditure are executive officers independent of the Provincial Government and experienced in the practical work of the Departments and not officers of the Audit Department who cannot claim a living knowledge of administrative affairs

(5) Another danger is the possibility of the executive bringing undue influence to bear on the accounts officers, who under the new system will be entirely provincial officers directly under the control of the Provincial Government. The number of departments to which it would be necessary to attach these accounts officers is so large that normally these officers would be of a status lower than that of the All-India Services or even that of the Indian Audit and Accounts Service It is doubtful whether these subordinate officers would be in a position to check extravagance and to criticise the executive on whom their promotion depends. There is also the possibility that in certain circumstances these officers under pres ure from the executive might be tempted to conceal facts from the audit officers.

H.—Co-ordination.

81. Co-ordination of provincial activities is primarily an administrative problem and the justification for mentioning it here lies partly in the fact that such co-ordination may be more necessary in the region of finance than in other spheres of administration and partly in the fact that in most other countries the control necessary for the purpose of ensuring co-ordination is exercised through the medium of the grant-in-aid. The necessity for co-ordination in financial matters arises from the fact that monetary operations are in most countries concentrated

in one or more large industrial or commercial centres The question of co-ordination in respect of provincial borrowing, ways and means arrangements, etc., has brief reference may now administration of other services

82. The history of the administration of many of the more advanced countries of the world, particularly those constituted on a federal basis, reveals a distinct tendency towards a co-ordination of the activities of the constituent provinces or states, especially in matters which are of more than provincial importance. A few instances relating to Canada and Australia are given below by way of illustration —

(1) *Canada.*—Although roads are essentially a State matter under the Canadian constitution, the Dominion Parliament, in the interests of the country as a whole, found it necessary to pass the Canadian Highways Act in 1919, which authorised the expenditure of $20 millions during the following five years for the purpose of constructing and improving the highways of Canada A grant of $80,000 was made to every Province during each of the five years, the remainder being allotted in proportion to their respective populations. The co-operation and encouragement of the Domin n Government has done much to raise the standard of road maintenance throughout the country.

(2) Educational administration is entirely a Provincial matter under the constitution, but the Dominion Government, realising the national importance of vocational education, has found it necessary to supplement the Provincial funds available for these purposes In 1913 the Agricultural Instruction Act was passed distributing $10 millions in ten years among the Provinces for the advancement of agricultural education In 1919 a similar sum was voted for technical education, which was distributed among the Provinces approximately on a population basis subject to the condition that the Provinces spent at least as much on technical education out of their own revenues. This has given a great impetus to the development of vocational education particularly, it is stated, in the eastern manufacturing Provinces

(3) Public health administration is also in the hands of the Provincial Governments in Canada, but the Dominion Parliament has, by an Act passed in 1919, created a Dominion Council of Health which co-ordinates the activities of the Provincial administrations. It meets twice a year to discuss health problems which are of interest to all the Provinces and, as a result of its efforts, there is now greater uniformity in the standards of public health administration

83. Even in Australia, where the States have always been jealous of any interference in administrative matters by the Commonwealth Government, there is a distinct tendency towards centralisation and co-ordination of State activities :—

(1) Inter-State conferences in matters of education are held frequently.

(2) The Commonwealth Government has undertaken the supervision of the treatment for venereal diseases and grants a subsidy of £15,000 *per annum to the various States for the provision of hospital treatment for persons suffering from* these diseases

(3) Under the Institute of Science and Industry Act of 1920, the Commonwealth Government is required to establish—

(*a*) a bureau of agriculture,

(*b*) a bureau of industries, and

(*c*) such other bureaux as the Governor General detarmines.

Power is also given for the establishment of a general advisory council and advisory boards in each State to advise the Director in regard to the general business of the Institute and any particular matter of investigation or research. Under the Act, the Director is required to co-operate, so far as is possible, with existing State organisations in the co-ordination of scientific investigation.

84. So far as India is concerned, the problem of co-ordination in matters of public health, communications, etc., has already arisen. It is the subject of a separate Memorandum submitted to the Statutory Commission and it is therefore not proposed to discuss it here in detail. The question of subsidies or contributions to Provincial Governments for purposes of co-ordination is dealt with in the next section of this Memorandum.

I.—Contributions towards the Administration of individual Subjects.

85. The constitutional and legal propriety of contributions from the Central revenues in aid of Provincial subjects and from Provincial revenues in aid of Central subjects has been questioned on more than one occasion since the introduction of the reformed constitution. The Committee on the Division of Functions recognized the difficulties involved in working out a complete scheme of classification of Central and Provincial subjects and in paragraph 14(4) of their report they remarked as follows with reference to the scheme recommended by them :—

"It must, however, be remembered that in this case we are not attempting a division of powers which will be subject to test

in the courts, and we can therefore with greater confidence leave the effect of the division proposed to be worked out in the course of legislative and administrative practice in the light of accepted general principles. Our scheme has been devised on such a basis as to leave the way open for this process of development."

The Joint Select Committee accepted with certain alterations the classification suggested by the Functions Committee subject to the following general observations .—

" It must not, however be concluded that these partitions of the functions of Government are absolutely clear-cut and mutually exclusive. They must in all cases be read with the reservations in the text of the Functions Committee's report and with due regard to the necessity for special procedure in cases where their orbits overlap "

In cases in which the Central Government employs the agency of the Provincial Government for the administration of a Central subject, the cost of the establishment is divided in the manner indicated in Devolution Rules 47 and 48 There are, however, no statutory rules regarding the apportionment of expenditure in cases in which the functions of the Central Government and Provincial Governments overlap, although such overlapping was recognised to be inevitable under the reformed constitution.

86. In section 20(1) of the Government of India Act it is provided that the revenues of India shall, subject to the provisions of the Act, be applied to the purposes of the Government of India alone. The Devolution Rules made under section 45 A. of the Act effect a separation of the respective functions of the Central and Provincial Governments and a division between the Central and Provincial Governments of the revenues of India The only rule which refers to contributions from the Central Government towards the administration of Provincial subjects is Devolution Rule 14 (1)(*e*) under which payments made to a local Government by the Governor-General in Council or by other local Governments *either for services rendered or otherwise* are classified as a source of provincial revenue. It has, however, been held that the words " or otherwise " in this rule cannot justify Central contributions towards the administration of Provincial subjects unless they are definitely in the nature of payments for services rendered. Indeed, from the constitutional point of view, the continuance of such contributions has been viewed as subversive of the whole structure of the division of revenues between the Government of India and the Provinces affected by the Act. This explains the foot-note to the Central Audit Resolution issued by the Secretary of State in Council regarding the financial powers of the Governor General in Council. It runs as follows :—

" Since the enactment of the Government of India Act, 1919, and of the Devolution Rules, it is not permissible to incur expenditure from Central revenues on Provincial subjects or to make

assignments from Central to Provincial revenues for expenditure on a Provincial subject."

87. A different view, however, has been held as regards the propriety of Provincial contributions towards the administration of individual Central subjects. It was considered that Central expenditure on Provincial subjects was objectionable, because under such a practice there was a danger of the revival of the old system of doles and the control associated with it. This consideration did not apply to Provincial assistance to Central subjects and it was contended that if a local Government believed and could induce its legislature to agree that Provincial outlay upon a Central subject was in the Provincial interest, there was nothing in the spirit of the Act which rendered such expenditure improper. In the absence of specific legal prohibition, a large number of such contributions has been permitted during the last eight years. Instances of these are :—

Bengal—

(i) Payment of an annual grant of Rs. 25,000 towards the cost of maintaining the Victoria Memorial Hall.

(ii) Payment of the actual cost of establishment employed in the Art Section of the Indian Museum.

Assam—

Contribution for expenditure on establishment employed on Internal Emigration work

Madras—

(i) Contribution of Rs. 8,000 for the investigation of Kala Azar.

(ii) Contribution of Rs 10,000 to the Andamans Administration for the construction of a mosque.

(iii) Contribution of Rs 2,000 to the Military Department in connection with demonstration march.

Bihar and Orissa—

(i) Contribution of Rs. 6,820 towards the cost of construction of the outpatient block of the hospital attached to the Pusa Agricultural Institute.

(ii) Annual contribution of Rs. 42,000 to the East Indian Railway Technical Institute at Jamalpur.

Bombay—

Proposed contribution of Rs. 5,000 towards expenditure on the erection of a Chatri over Shri Shivaji Samadhi at Raigarh.

Punjab—

Contribution from Provincial revenues for expenditure on the Aitcheson College, Lahore.

United Provinces—

(i) Contribution of Rs. 10,000 to Aligarh University.

(ii) Contribution to the Army Remount Department towards construction of a Stallion Depot at Meerut.

Central Provinces—

Contribution to the Chiefs' College, Raipur, paid during 1921-22 to 1923-24 but since discontinued

Burma—

Contributions payable by the Burma Government for the conduct of survey operations in that province.

88. Doubts, however, have recently been expressed as to the legality of these contributions. It has been pointed out that there is no express provision either in the Government of India Act or in the Devolution Rules authorising such expenditure. Since both the Central and Provincial Governments can possess only such powers in this respect as are conferred on them by the statute creating them or the rules made thereunder, it might be argued that neither Government is entitled to incur such expenditure.

89. From the administrative point of view, the prohibition of Central contributions towards Provincial subjects has also been found to be inconvenient For instance, in 1925, when the question of financial assistance from Central revenues to the London School of Hygiene and Tropical Medicine, which affords facilities for the instruction of Indian students and officers of the Indian services, was under consideration, it was contended that the Government of India could not legitimately expend Central revenues in contributing to the School and that if a contribution on behalf of British India as a whole was to be made, the charge should be distributed between Central revenues and the revenues of each Governor's province in the proportion of the share of the benefit which was calculated to accrue to the provinces. The question of Central grants for provincial purposes has been dealt with elsewhere. It is a point for consideration whether, in certain cases such as those indicated below, Central contributions towards provincial expenditure and Provincial contributions towards Central subjects should not be permitted :—

(1) A provincial Government might be permitted to incur from Provincial revenues expenditure on a Central subject or might make payments from Provincial revenues to another Province if by incurring that expenditure or by making such payments it confers a benefit on its own Province.

(2) One Government might be permitted to pay another for services rendered or goods supplied Expenditure incurred by one Government for the requirements and at the request of another, when such expenditure would not ordinarily have been incurred for its own requirements or in the discharge of its own responsibility, might be re-imbursed by the latter.

(3) The Government of India might be permitted to incur expenditure for the purposes of co-ordinating the activities of Provincial Governments in cases in which such co-ordination is essential in the interests of India as a whole.

J.—FAMINE INSURANCE.

90. Famine expenditure was recognised as an Imperial charge until the year 1875 when the doctrine was first enunciated that though it was the duty of the State to preserve the lives of the people, the primary responsibility for providing for their own support ought to rest upon the people themselves The theory of the division of responsibility for this class of expenditure was laid down in the following terms in 1877 :—

"Distress should be met from local resources so far as is possible ; district resources should only be responsible when local resources fail, provincial resources when district resources fail ; and Imeprial resources last of all."

Partly owing to its lack of definition and partly owing to the limited nature of local and district resources, this principle was not applied in practice to any appreciable extent, though famine expenditure was formally provincialised in the settlement of that year. For nearly 30 years the cost of famine relief was actually met from provincial revenues so long as they were able to bear the burden and thereafter it was accepted as a charge upon Imperial revenues

91 In 1878-79, what is commonly known as the Famine Insurance Fund was established by the Government of Lord Lytton The great famines which had ravaged India between 1874 and 1878 had involved an expenditure of over Rs 14 crores and a review of the effect of this heavy expenditure had revealed the fact that it had in reality been defrayed from loan funds, the ordinary revenue of the country just sufficing to meet the normal expenditure of the Government Since *famine was at that time an ordinary incident of the Indian administra*tion (there were about two famines in every ten years), the Government of India came to the conclusion that it was financially unsound to depend on loans for meeting such charges. They accordingly decided to strengthen their financial resources by one million sterling recurring revenue per annum, which was estimated to be the average amount which the Central revenues might be called upon to provide against the cost of periodical famine in supplement of the expenditure on famine relief incurred from provincial funds. The required amount was raised by *means of a famine cess levied upon land and a license tax imposed upon* persons following particular trades. The object of the Fund was "by increasing the revenue to avoid constant additions to the debt of India which the prevention of periodical famine would entail either by applying that increase of income to works likely to avert famine and thus obviate famine expenditure or by reducing annually the debt contracted for

famine, so that if the famine expenditure should again become inevitable, the reduction of debt made in years of prosperity would compensate for the liabilities incurred during a scarcity."* The Fund, however, did not escape, during periods of financial stringency, the fate of other similarly situated funds. Almost immediately after it was instituted it was raided to meet the expenditure arising out of the Afghan War. It was again applied to other purposes during Lord Dufferin's administration and the annual contribution was reduced to Rs. one crore by Sir James Westland, who justified the reduction on the ground that there was an improvement in the economic condition of the country and in the capacity of the people to resist famine. It was restored to the original figure by Lord Curzon.

92. For several years after the establishment of the fund, the surplus funds which remained after actual expenditure on famine relief during the previous year had been met were applied to the reduction of old debt. The Government of India, however, were at that time borrowing largely for productive purposes and they soon recognized that there was nothing to be gained by paying off old loans and incurring new debts simultaneously. It was therefore decided that, so long as borrowing continued, the surplus in the Famine Insurance Fund should be appropriated to the avoidance of new rather than to the liquidation of old loans. The administration of the Fund was briefly on the following lines.—

(a) Out of the annual provision of Rs 150 lakhs, the actual expenditure during the year on famine relief was first met

(b) The surplus was partly utilised for the construction of protective irrigation works and railways, and

(c) the balance was applied to the avoidance of new debt or the reduction of old debt

93. It will thus be seen that although in theory famine expenditure was Provincial, in practice large sums were contributed by the Central Government out of the so-called Famine Insurance Fund described above. The stage, however, at which the burden shifted from the Provincial to the Imperial account was wholly indefinite and no provision was made for the cost of famine relief in fixing the standards of expenditure in Provincial settlements In view of the many serious objections urged to the system, a new famine scheme was devised in 1906, by which the Government of India placed to the credit of each Province exposed to famine out of the Famine Insurance Fund a fixed annual amount which could be utilized in case of famine without drawing on its normal resources. A maximum of these annual credits was also fixed for each Province with reference to its liability to famine, the maximum expenditure which it incurred during a year on famine and the conditions as regards railway communications and irrigation facilities under which its famine administration would be conducted in the future. When the

* Report of the Parliamentary Committee appointed in 1879 presided over by Lord George Hamilton.

amount accumulated by this process was exhausted, further expenditure was shared equally by the Central and Provincial Governments and in the last resort the Central Government gave the Province further assistance from their own revenues.

94. In 1917 the arrangement described above was modified and famine relief became a divided head, the expenditure being apportioned between the Central and Provincial Governments in the proportion of 3 : 1, which coincided approximately with the actual incidence under the system introduced in 1906. The Famine Insurance Funds, however, continued to exist and an annual provision of Rs. 1½ crores was made in the budget up to the introduction of the Reforms.

95 Such was the position when the question of provincial settlements was examined by the Meston Committee. Under the new distribution of the sources of revenue suggested by this Committee, a net increase was expected in the spending power of the provinces aggregating Rs. 18,50 lakhs, on which, as has been described elsewhere, the Committee assessed the initial contributions to be paid by the Provincial Governments to the Central Government to meet the deficit in the Central Account resulting from the introduction of the new system. In determining the increase of spending power, the expenditure relating to famine relief and the construction of protective irrigation works, which had been made Provincial under the Reforms Scheme, was deducted from the normal revenue of each Province In the case of expenditure on famine relief, an average was taken of the expenditure in each province for a period of 20 years (1896-1916), while as regards protective irrigation works similar averages were taken for a period of ten years (1907-17). The reason for the adoption of a different period in the latter case was that it was thought that in the case of famine relief expenditure it was proper to take figures over a period representing an average cycle of varying seasons, whereas in the case of protective irrigation works it was more suitable to have a shorter period representing expenditure under more recent conditions. According to this calculation the average expenditure on famine relief and protective irrigation works amounted to :—

	(In thousands of rupees.)
Madras	6,61
Bombay	63,60
Bengal	2,00
United Provinces	39,60
Punjab	3,81
Burma	67
Bihar and Orissa	11,62
Central Provinces	47,26
Assam	10

On the above basis a new system of provision for famine expenditure was evolved as follows. Every Provincial Government was required by Devolution Rule 29 to establish and maintain out of provincial revenues a Famine Insurance Fund in accordance with the principles laid

down in Schedule IV to the Devolution Rules. Each Provincial Government was required to contribute to its own fund for famine insurance, an annual contribution on the scale indicated in the statement above. This annual contribution was to be devoted in the first instance to the construction of protective works and if necessary to relief measures, the sum not required for these purposes being utilised in building up a balance in the Famine Insurance Fund. The balance at the credit of the Fund was regarded as invested with the Central Government which pays interest on it at a rate one per cent. less than the rate charged for advances made by the Central Government to the Provincial Loans Fund. The Fund, *i.e.*, both the annual contributions and the accumulated credits were available for application whenever necessary either for actual famine relief or for construction of protective works or for the grant of advances to cultivators

96. It may be observed that the surplus credits in the Central Famine Insurance Fund that remained after meeting the annual expenditure on famine relief was up to 1921 utilised by the Government of India for the reduction of their ordinary debt, only a very small fraction, if any, of which was incurred for purposes of famine relief There was in reality no separate fund in existence Even after the introduction of the Reforms, no separate Fund has been created, the annual assignments of the Provinces being merged in the general balances of the Government of India. Since these balances are largely utilised for financing the capital programme of the Government of India and for advances to the Provincial Loans Fund, one result of the present system is, as has been pointed out in the section of the Memorandum relating to Provincial Balances, that the amounts which are contributed by the provinces to the Famine Insurance Fund are in practice re-lent to them at a rate of interest which is one per cent. higher than the rate at which interest is allowed on the balances in the Fund.

97. The principal criticism directed against the new arrangements introduced under the Reforms was that in the case of certain provinces (Bombay, the United Provinces and the Central Provinces), the assignments had been pitched too high. In 1926, therefore, the Government of India examined the question of revising the constitution of the Famine Insurance Fund and the regulations governing it. A review of the famine expenditure in the 20 years 1905-1925 showed that under greatly improved conditions due to the development of irrigation and communications and increased prosperity in the general community a considerable reduction could be effected in the contributions required to be made to the Fund without endangering the objects for which it was created. The figures also revealed that in another direction the system required revision. The rules then in force did not compel any province to maintain a minimum balance for meeting expenditure on famine relief proper; and from this cause in certain cases the annual contribution had been heavily drawn upon for irrigation works, the strictly protective character of which was open to some doubt and little had been accumulated to meet the direct demands of a really bad season or series of seasons. The

Government of India, therefore, in consultation with the Provincial Governments formulated certain proposals for the re-constitution of the Fund on a different basis, the principal features of which are as follows :—

(1) The famine fund should provide solely for expenditure on famine relief proper and the financing of protective irrigation works should be undertaken by the Province as part of the ordinary administration.

(2) The annual contribution was recalculated with reference to the average amounts spent annually on famine relief proper during the period 1905 to 1925.

(3) The financing of loans to cultivators should hereafter be carried out by means of advances from the Provincial Loans Fund.

98. One effect of these proposals, which have been approved by the Secretary of State in 1928 as a tentative measure, has been a substantial reduction in the Provincial contributions to the Famine Insurance Fund and consequently in the maxima amounts required to be accumulated. The assignment of Bombay has been reduced from Rs 64 lakhs to Rs. 12 lakhs, of the United Provinces from Rs. 40 lakhs to Rs. 16 lakhs, of the Central Provinces from Rs. 47 lakhs to Rs. 4 lakhs and of Bihar and Orissa from Rs. 12 to Rs. 3 lakhs.

APPENDIX I TO SECTION D.

Suggested scheme for the constitution of a Body of National Debt Commissioners in India.

1. The principal funds deposited with the Government of India on which interest is paid are as follows :—

	Balance on 31-3-26. (In crores of Rs.)
(1) Special loans and treasury notes—	
These are various old endowments on which the Government have guaranteed payment of interest rates varying from 3½ to 8 per cent.	1·69
(2) Service Funds—	
These are not under the control of Government, but they have been deposited with them at favourable rates of interest varying from 5½ to 6 per cent.	1·55
(3) Provident Funds—	
of which the principal are—	
(a) The State Railways Provident Fund,	
(b) Company Railways Provident Fund,	
(c) General Provident Fund and the	

	Balance on 31-3-26. (In crores of Rs.)
(d) I. C. S Provident Fund— Contributions to these are compulsory for certain classes of Government servants and optional for others. In the [illegible] their service	40 42
(4) Postal Insurance and Life Annuity Fund— Interest is allowed at the rate of 3½ per cent on the balance in the Fund	2 65
(5) Post Office Cash Certificates— Interest is paid in the shape of a bonus which works out on an average to about 5 to 6 per cent per annum compound interest	20 96
(6) Post Office Savings Bank Balances— Interest is allowed at 3 per cent	27 23
(7) Railway Depreciation Fund— Interest is allowed at 3¾ per cent	5 74
(8) Railway Reserve Fund— Interest is allowed at 3¾ per cent.	9 32
(9) Posts and Telegraphs Depreciation Fund— Interest is allowed at 3¾ per cent	33
(10) Famine Insurance Fund— which consists of Provincial contributions made under statutory rules— Interest is allowed at 3¾ per cent	4 82
(11) Depreciation Fund of commercial Departments under the Government of India— Except in the case of the Northern India Salt Revenue Department, no interest is paid on these deposits	·13
	114 84

• The departmental and judicial deposits of the Central and Provincial Governments have been excluded, partly because no interest is paid on them and partly because it would be extremely difficult to hand over these deposits to a body such as the National Debt Commissioners for investment.

2. Practically the whole of this amount (Rs. 114·84 crores) is now included in the Government of India's balances and interest is credited on these deposits at a rate which is either fixed in advance or which varies from time to time with the variations in the rate at which Govern- [illegible] The greater portion of the amount, [illegible] financing the large capital pro- [illegible] ıd the Provincial Governments.

The system is open to serious objections which are briefly indicated below—

(a) Under this system money has to be borrowed whether it is wanted or not. From the practical point of view, however, this objection is not serious so long as the Government has a large capital programme in hand.

(b) As worked at present, Government pays on money lent to it at a time when interest rates are low, not the low rate of interest that it would pay for a long term loan issued in the market at such a period but a short term rate varying with the conditions of the market which may rise and has, in fact, risen high in recent years.

(c) Government undertakes the liability of paying out a portion of the money to depositors (for example, advances from Provident Funds) at uncertain intervals, but this liability is ignored in fixing the rate of interest.

(d) The position is also unsatisfactory from the point of view of the depositor, who is forced to accept a rate of interest based on short term deposit rates which frequently is demonstrably less favourable than terms which he could secure for himself if he were at liberty to invest the money, which he does not expect to require for a long time, in some long period security.

3. These defects arise mainly from the fact that there is no body corresponding to the National Debt Commissioners in England to whom these Funds could be handed over by the Government for investment. It is therefore proposed that a similar body might be constituted in India *on the following lines :—*

(1) It would consist of—

(a) a Managing Governor of the Imperial Bank of India,

(b) a representative of the Railway Board,

(c) a legal adviser, possibly the Advocate General of Bengal or Bombay,

(d) two representatives of Government servants to be nominated by Government (when Provident Funds are under consideration), and

(e) the Controller of the Currency.

(2) To this body would be transferred all monies in the Government balances in India described in paragraph 1 above, except the Post Office Cash Certificates and the Post Office Savings Bank deposits. The inclusion of these last two items would involve considerable administrative difficulties. It is therefore proposed to exclude them for the present.

The monies would be transferred in the shape of Government of India stock, the precise nature of which would have to be determined at a later stage.

(3) The management of the Provincial Loans Fund would be transferred to the proposed Board The liabilities of this Fund on the 31st March 1926 amounted to 114·59 crores and the interest paid amounted to 5·21 crores. The average rate of interest was 4 54 per cent The whole of this debt could be given the form of 4½ per cent Provincial loans stock issued to the Government of India on such terms as to yield the same amount in interest as the total amount of interest payable by the Provinces on their debt to the Government of India. If the management were transferred to this body, it would, of course, be possible for it to invest a considerable portion of its surplus money in this stock

(4) The class of security in which the Commissioners could invest their money in future would be subject to the approval of the Government This would necessarily vary according to the nature of the Fund

(5) As regards Provident Funds, the relations between Government and the contributors to the Funds so far as guarantee of capital, repayment, etc , are concerned, would remain the same as at present. In other words, the Commissioners would only be an investing body and the present guarantee as regards depreciation of capital, etc., would continue. The Government would continue to do all the work in regard to receiving money from subscribers, paying out advances to them, etc., and also the keeping of accounts. The cost of keeping the accounts, would, however, be debited to the Funds.

(6) Separate accounts would be kept for the different Funds so as to exhibit clearly the contribution of the tax-payer to the Service Funds on which a favourable rate of intrest is paid.

(7) A minimum rate of interest (say 4 per cent.) would be guaranteed by the Government. At the end of every year the liabilities to the subscribers would be compared with the value of the assets in the hands of the Commissioners in order to determine whether there is a surplus or a deficit. A portion of the surplus, if any, would be transferred to a reserve fund to provide for any contingent liability under the guarantee against depreciation and the remainder credited proportionately to the accounts of the subscribers.

(8) Since the class of securities in which the Board could invest their surplus money would depend on the nature of the Fund, it would be necessary to maintain separate accounts for different classes of Funds For instance, a separate account would be maintained for the Provident Funds, another for the Railway Reserve and other depreciation funds and so on.

MEMORANDUM ON THE DEVELOPMENT AND WORKING OF REPRESENTATIVE INSTITUTIONS IN THE SPHERE OF LOCAL SELF-GOVERNMENT.

FOREWORD.

Section 84-A (2) of the Government of India Act requires the Statutory Commission to inquire into the " development of representative institutions " in British India. Local bodies, *i.e.*, municipalities, district or local boards, and village unions and panchayats, come within the category of representative institutions and in the following memorandum an attempt has been made to give an account of the development of these different units of local self-government. The first part of the narrative traces the historical evolution of local self-government in India under British administration and is fairly complete. The second part gives an account of the structure of local bodies and, so far as such an account involves an analysis of the provincial laws governing the constitution functions and powers of these bodies, and of the Government control to which they are subject, the picture presented in the memorandum seeks to give the broad outline. In the third part, an attempt has been made to give some idea of the manner in which these institutions have actually worked. This portion of the narrative should normally include not only a description of the use which local bodies have made of their powers, but also of the use made by the electorate of the vote. Unfortunately, in regard to the latter point, the material available gives practically no information. Even as regards the first point, the picture is necessarily in the nature of a rough and incomplete sketch. Fullness could only be attempted after the receipt by the Government of India of the provincial accounts which are now in preparation. When these accounts are received, the memorandum will be expanded. Meanwhile, it is hoped that it may be useful to the Commission as a preliminary survey of the position based on data now available to the Government of India.

February 1928.

TABLE OF CONTENTS.

PART I.—HISTORICAL.

PART II.—THE STRUCTURE.

A —Municipalities.

B —Rural boards

C —Village authorities

PART III —WORKING OF LOCAL BODIES

PART IV.—STATISTICAL TABLES.

PAGES.

PART IV.—STATISTICAL TABLES—*contd.*

Memorandum on the development and working of representative institutions in the sphere of local self-government.

PART I.—HISTORICAL.

Local self-government in India, in the sense of a representative organisation, responsible to a body of electors, enjoying wide powers of administration and taxation, and functioning both as a school for training in responsibility, and a vital link in the chain of organisms that make up the Government of the country, is a British creation. The ancient village communities were constituted on a narrow basis of hereditary privilege or caste closely restricted in the scope of their duties—collection of revenue and protection of life and property were their main functions—and were neither conscious instruments of political education nor important parts of the administrative system.

2. *Municipal Government in the three Presidency towns prior to 1870.*—Municipal Government was first introduced in India in the last quarter of the 17th century in an urban area—Madras. In 1687, the Court of Directors ordered that a corporation, composed of European and Indian members, should be formed for purposes of local taxation. The experiment had a brief and unsuccessful trial. A Charter of 1726 superseded the corporation by a Mayor's Court, which was more a judicial than an administrative body. No further mention of municipal legislation is to be found in any presidency for the next 50 years. When the Regu- [illegible] Cap. 52) came into operation, the Justices [illegible] ernor-General in Council was empowered [illegible] towns from among covenanted civilians and other *British* inhabitants were in turn invested with authority to

provide for the sanitation and protection of Madras, Bombay and Calcutta. But the principle of election was not recognised until 1815 in Bombay and 1817 in Calcutta. Act XI of 1815 established a Board of Conservancy in Bombay and empowered the Justices of the Peace, who were appointed under the Regulating Act of 1773, to *elect* 5 members. For Calcutta, Act XVI of 1817 set up a board for 7 " commissioners for the improvement of the city," of whom four were to be elected in accordance with a scheme agreed upon by the rate-payers and approved by the Government. In Madras no step towards the recognition of the elective principle was taken at this period Two Acts Nos. XIV and XXV, which were passed in 1856. and applied to all the three presidency towns, prescribed for them an uniform system of administration and defined the functions of civic administration. But between 1856 and 1858 the elective principle suffered a set-back Acts were passed which created in each of the three presidency towns a body corporate consisting of 3 nominated salaried members in whose hands all municipal functions were concentrated, only in Bombay the Justices of the Peace were allowed to retain the right to elect representatives but the number was reduced from 5 to 2 Advantage was taken by each presidency Government of the local legislative independence granted by the Indian Councils Act of 1861 to remodel the system of municipal administration in the three presidency towns, but Madras alone took power (which was never acted on to allow election by rate-payers)

3 *Municipal Government and Lord Mayo.*—The first substantial step towards the establishment of municipal Government in the presidency towns on an elective basis was taken during the viceroyalty of Lord Mayo The need for financial decentralisation as an aid to economy and efficiency of administration provided the occasion for a departure in policy; Lord Mayo's statesman ship widened the objective By a resolution No 3334, dated the 14th December 1870, the Government of India made over to local Governments certain departments of the administration of which *education, medical services* and *roads* are for the purposes of this memorandum, important as they still constitute the principal activities of local bodies One great object of this decision was to afford opportunities for the development of self-government, for strengthening municipal institutions and for the association of Indians and Europeans to a greater extent than heretofore in the administration of affairs The result was considerable legislative activity, which had Para[...]
the effect of introducing a real measure of municipal self-government of res[...]
into India. Bombay Act III of 1872 fixed the number of members to be elected to the corporation of Bombay at *one-half* of the total; Act IV of 1876 fixed the corresponding proportion for Calcutta at *2/3rds*. By Act V of 1878 the rate-payers of Madras were empowered to elect *one-half* of the municipal commissioners. Bombay allowed the corporation to elect its own chairman: in Madras and Calcutta, the power of nominating this functionary was reserved to Government. For each town the qualifications of electors were prescribed as (*a*) attainment of the age of majority—21 years, and, (*b*) payment of a minimum sum annually in

municipal taxes. The amounts were Rs. 30 in Bombay and Rs. 25 in Calcutta and Madras. In Bombay fellowship of the university also constituted a qualification.

4. *Municipal government outside presidency towns.*—The history of municipal Government in urban areas outside the three presidency towns does not begin until the forties of the last century. Acts were passed, for Bengal in 1842 (Act X of 1842) and for the whole of British India in 1850 (Act XXVI of 1850), permitting the formation, on the application of the inhabitants, of local committees to make better provision for purposes connected with public health and convenience, and to raise taxes in pursuance of this object. The Bengal Act failed completely. The Act of 1850 worked with some success in the North-Western Province, now known as the province of Agra, and in Bombay. It had no effect in Madras and Bengal. In 1863 the report of the Royal Army Sanitary Commission prominently directed attention to the unhealthy condition of towns. Action was taken by the different local Governments, by Bombay in 1862, by Bengal in 1864, by Madras in 1865, by the Punjab in 1867, by the North-Western Province in 1868 and by the Central Provinces under the Bengal Act of 1864 and the Punjab Act of 1867, to do away with the voluntary principle on which alone municipalities could be constituted under Act XXVI of 1850, and to invest local Governments with power to set up committees to look after the water supply, lighting and sanitation of towns. The Bengal Act (Act VI of 1868)—which applied only to the smaller towns—the North-Western Province Act (Act VI of 1868), the Punjab Act (Act XV of 1867) *also recognised the possibility of a number of members of municipal committees being elected* with the permission of the local Government. In the Central Provinces the elective principle was actually introduced in the majority of the towns in 1868.

. Memo Lord ...cdonnell, ...ges 11-12.

Resolution of Lord Mayo's Government.—The resolution of Lord Mayo's Government was responsible for inclusion of the principle of election in the municipal law of provinces where the system was not already recognised. In Madras power was taken under Act III of 1871 to allow the rate-payers, subject to rules framed by the local Government, to elect the non-official members of municipal committees. In Bombay, by Act VI of 1873 the elective system was made permissive in regard to two-thirds of the body of commissioners in the larger municipalities which were designated "city" municipalities. Bengal Act II of 1873 empowered the Government to authorise the rate-payers to elect municipal commissioners in the large towns in which the Act of 1864 was in force.

[illegible] *[illegible] ernment.*—The effe [illegible] by Lord Mayo was [illegible] ded since 1870, both in the number and usefulness of municipalities. But progress was found to have been more unequal in different parts of the country than varying local circumstances seemed to warrant. In many places, services adapted for local management were found to be still reserved in

the hands of the central administration. A fresh step forward was, therefore, considered to be both desirable and necessary. On 18th May, 1882, Lord Ripon's Government issued their historic resolution on local self-government. The mechanical objects of the policy enumerated in the resolution were twofold. In the first place, it was desired that local Governments should apply to their financial relations with the local bodies under them the principle of financial decentralisation which Lord Mayo had introduced and which had worked satisfactorily between the Government of India and the provinces. Secondly, and in addition to the financial objective it became necessary to consider what steps were necessary to render the existing local bodies of all kinds more efficient and better suited to discharge the duties with which it was proposed to entrust them But the main object was to make local self-government " an instrument of political and popular education " Three broad principles were therefore laid down for the guidance of provincial Governments :-

(a) that they should maintain and extend throughout the country a net work of institutions of local Government *especially in rural areas ;*

(b) that they should introduce into these bodies a large preponderance of non-official members —the number of official members being not more than one-third of the whole , and

(c) that they should exercise control over these bodies from without and not from within, *i.e.*, they should revise and check their acts rather than dictate to them The wish was accordingly expressed that, wherever practicable these bodies should have non-official chairmen

As regards the method of choosing members Lord Ripon's Government preferred election wherever possible and variety of systems of election to rigid uniformity As forms of control they suggested insistence on prior sanction for certain transactions as a condition of validity and on retention of the power (1) to set aside the proceedings of a local body in particular cases, and (2) to suspend it temporarily in the event of gross and continued neglect of any important duty.

6 *Its effect on municipalities.*—In the practical application of the policy summarised in the preceding paragraph elasticity was enjoined so as to permit of the adaptation of the general principles formulated to local conditions. The first result of the issue of the resolution was legislation to enable local Governments to give effect to the general scheme. For municipalities Madras, Bombay, Bengal the North-Western Province and Oudh the Punjab and Burma passed the marginally noted Acts. The Madras Act No IV of 1884 empowered Government to permit the election of *three-fourths* of the number of municipal commissioners by rate-payers. In Bombay Act II of 1884 abolished the distinction between " city " and " town " municipalities which Act VI of 1873 had introduced and prescribed the election of at least *one-half* of

Madras Act IV of 1884
Bombay Act II of 1884
Bengal Act III of 1884 (B C).
N.-W. P and Oudh Act

XV of 1883. Punjab Act XIII of 1884. Burma Act XVII of 1884.

the commissioners as the general rule. It also fixed one quarter of a board's number as the maximum that could consist of officers. The Bengal Law (Act III of 1884) provided a municipal constitution of which the chief features were :—

(a) election by the rate-payers of *two-thirds* of the municipal commissioners ;

(b) election by the commissioners of a chairman for all municipalities except 26, which were scheduled ;

(c) election by all municipalities of the vice-chairman ; and

(d) fixation of the maximum number of official members at one-fourth of the total.

In the North-Western Province and Oudh Act XV of 1883 provided, for all the municipalities to which it applied, election by rate-payers of *three-fourths* of the members and of the chairman and vice-chairman by the municipal committee. The latter privilege was subject to the right of the local Government to appoint a chairman in any specified municipality. In the Punjab, Act XIII of 1884, left the introduction of the elective principle to the discretion of the local Government, but gave municipal committees power to elect their own presidents and vice-presidents, subject to Government approval. As regards the election of members it introduced one condition, *viz.*, that once the elective principle was introduced into a municipality, it could not be withdrawn, except on the application of the majority of the electors, or for reasons affecting the public interests. For Burma the Imperial Legislative Council passed Act XVII of 1884 which was practically identical with the North-Western Province Act of 1883. Assam and the Central Provinces adopted no new legislation. The former continued to follow the provisions of Bengal Act V of 1876 ; the latter of Act XI of 1873.

7. *History of local self-government in rural areas.*—The qualifications of electors and members prescribed for municipalities in provinces and the Government control to which they were subject are set forth briefly in *appendices II-IV. A summary is now attempted of the effect produced by the resolution of 18th May 1882 on local self-government in rural areas. Prior to 1882 the evolution of local self-government outside cities took the form of the establishment of local funds for local improvements. These funds were raised on a semi-voluntary basis or under executive orders, and were managed either by local officials or small local committees, *some of which had a nominated non-official element.* Such legislation on the subject as was passed before 1882 merely had the effect of giving (a) statutory sanction to the levying of rates, and (b) power to create local committees. But the elective principle was not introduced. Thus, in Madras, Act VII of 1866 authorised the levy of a road cess, but did not provide for the association of a popular element in the administration of the fund. Act IV of 1871 which replaced the

* Printed in a separate volume.

Act of 1866 legalised the levy of (1) a cess on the rental of all occupied land, (2) a house-tax and (3) tolls on vehicles. The increase from these imposts was to be devoted to the development of communications, education, medical relief and sanitation—duties which even to-day are the principal concern of rural boards The presidency was divided into local fund circles and boards were formed in each circle, of which half the members were non-officials But these members were *not elected*, and all the executive power was vested in the Collector who was *ex-officio* president. In the Bombay Presidency, Act VIII of 1865 provided for the levy in Sind of a cess on land and *sair* revenue, and of a tax on shops. Part of the income was paid to local committees for expenditure in works calculated to promote public health, comfort or convenience. But the law was silent as to the composition of these committees For the rest of the presidency, the Bombay Local Funds Act of 1869 (Act III of 1869) was passed. This established local fund committees, *at least one-half of the members of which were to be non-officials*, to ascertain and provide for local public health education and convenience. These bodies were empowered to levy a cess of one anna in the rupee on land revenue But election to these bodies was not recognised. In Bengal a Road Cess Act was passed in 1871 It established local committees to ascertain and provide for local needs in regard to means of communication Two-thirds of the members had *to be either elected or nominated from among the rate-payers* But in practice election to these committees was not adopted. For the North-Western Province the Government of India passed Act XVIII of 1871, which empowered the local Government to raise certain cesses from land, and provided for the constitution of district boards or committees to administer the funds so raised In these there were no elected members In the Punjab, by Act XX of 1871, provision was made for the appointment of committees in each district to control (1) the funds which were raised under the Punjab Local Rates Act of that year, and (2) certain land cesses, already imposed at the time of land settlements for expenditure on roads schools and local purposes These bodies were composed of *nominated* officials and non-officials in the proportion of two-thirds to one-third In the Central Provinces certain cesses were raised by executive authority, but the people were in no way associated with Government in their administration. In Assam, ferry fund committees and education committees were set up by executive order in 1872 and 1873 respectively to advise the Deputy Commissioners in the management of the allotments made for district roads and education. The Assam Local Rates Regulation of 1879 empowered the Chief Commissioner to establish district committees for the purpose of determining and controlling the expenditure of the rates leviable under the regulation. But the non-official element which was fixed at not less than 2/3rds of the total membership was entirely nominated.

8. *Effect of the resolution of 1882 on local self-government in rural areas.*—The resolution of 18th May 1882 defined the unit and scope of local self-government in rural areas, sought to relate its development,

to the ancient system of village government known as panchayat and gave a powerful impetus to the remodelling of such units as already existed.

(*a*) *Madras.*—Madras Act V of 1884 provided for the establishment of a hierarchy of units of local Government. At the bottom was the village panchayat or union, exercising jurisdiction respectively over a village or group of villages. These bodies were to attend to the general sanitary arrangements of the villages and to the diffusion of education. Above the unions were taluk boards, normally exercising control over the village and union panchayats comprised within the revenue division of the district. The taluk boards were made subordinate in turn to district boards. *Power was taken by the local Government to make appointments to these three classes of boards either wholly by nomination or partly by nomination and partly by election.* A limit was imposed on the proportion of members that could be nominated to district and taluk boards in which the elective element was introduced. Election to district boards could only be by members of taluk boards from among themselves. Only to the village union, members other than the headmen of the villages comprised within it could be elected by the rate-payers. To a taluk board which had no unions under it, elections could be made by the tax-payers; to a district board with no sub- [illegible] could be made by the unions [illegible] ers and inhabitants generally. [illegible] could be allowed to all the units of this hierarchy; but where permission was not given, the Collector was to be *ex-officio* president of the district board, and the Divisional Revenue Officer of the taluk board. The president of the panchayat, when not elected, was to be appointed by Government.

(*b*) *Bombay.*—The main constitutional feature of the Bombay Local Boards Act of 1884 (Act I of 1884) was the *recognition of the elective principle.* Otherwise, it reproduced the main provisions of the Bombay Local Funds Act of 1869. The taluka sub-committees which that Act had created were re-named "taluka boards", and became the primary units of rural local self-government; the district committees were designated local boards, having control over the taluka boards. *Each board was to consist partly of elected and partly of nominated members;* at least one-half of the members were to be elected, and not more than one-fourth were to be salaried officials of Government. *The power to appoint the president or allow him to be elected was left to Government.* If the president was a salaried official, the board had the right to elect its vice-president. No village unions or panchayats were created.

(*c*) *Bengal.*—The Bengal Government proceeded on the principle of differentiating between different portions of the province on the basis of their fitness to exercise the powers of local self-government. In the more advanced districts, local boards were given jurisdiction over sub-divisional areas, and district boards were created with independent functions as well as with controlling authority over local boards. In

less advanced portions, only district boards were established and the power of creating local boards was left to the local Government As regards the village, the Bengal scheme resembled the Madras plan, except that it left to the local Government the power to create village unions on suitable occasions. *In the advanced districts, the principle of election to local and district boards was introduced*, with regard to the less advanced parts, Government retained the power *to nominate all* members. The election to local or sub-boards was by qualified voters, to district boards by members of sub-boards, which could elect their own chairmen. The chairman of the higher organisation could be either elected or nominated at the discretion of Government The members of union committees, where established, were to be elected from among the rate-payers.

(d) *North-Western Province*—In the North-Western Province, Act XIV of 1883† provided for the establishment in each district of a district board having authority over the entire district for the division of districts into sub-districts and for the setting up of local boards for each sub-district. The local or sub-boards were to be the agents of the district boards for the exercise of such authority within their jurisdiction as might be delegated to them by the larger unit The district board was vested with authority to revise or vary any proceedings of a sub-board by a resolution passed by two-thirds of the members present. *The local board was to consist of members, partly elected and partly nominated* The proportion of the latter could not exceed one-fourth of the total membership. District boards consisted of all the members of local boards, but, *if Government so directed some of them were to be elected by members of the sub-boards from among themselves*, and the remainder, not exceeding one-fourth of the total, were to be nominated by Government. Local boards elected their own chairman *District boards had the option to elect their own chairmen* or to ask Government to select one for them Government had the right to veto any election made by a district board No provision was made in the law for the creation of village panchayats or unions

(e) *Punjab.*—Punjab Act XX of 1883 provided for the establishment of district boards. Discretion to create local boards or sub-district boards was left to the local Government, which was also invested with the power to fix the number of members of each class of board, subject to a minimum of six, and *to decide whether appointment should be by election or nomination or by a combination of both methods* The proportion of salaried or official members was generally not to exceed one-third of the entire membership. Government was to decide whether the chairman should be elected or nominated

(f) *Central Provinces.*—In the Central Provinces, Act I of 1883† enjoined the Chief Commissioner to "aggregate the several villages into circles" and to aggregate "circles" into "groups." For "circles" no self-governing agency was established For each "group" of circles, a local board was set up, and for each district a district council having

to the ancient system of village government known as panchayat and gave a powerful impetus to the remodelling of such units as already existed.

(a) *Madras.*—Madras Act V of 1884 provided for the establishment of a hierarchy of units of local Government At the bottom was the village panchayat or union, exercising jurisdiction respectively over a village or group of villages. These bodies were to attend to the general sanitary arrangements of the villages and to the diffusion of education Above the unions were taluk boards, normally exercising control over the village and union panchayats comprised within the revenue division of the district. The taluk boards were made subordinate in turn to district boards. *Power was taken by the local Government to make appointments to these three classes of boards either wholly by nomination or partly by nomination and partly by election.* A limit was imposed on the proportion of members that could be nominated to district and taluk boards in which the elective element was introduced. Election to district boards could only be by members of taluk boards from among themselves. Only to the village union, members other than the headmen of the villages comprised within it could be elected by the rate-payers To a taluk board which had no unions under it, elections could be made by the tax-payers; to a district board with no subordinate taluk organisations, elections could be made by the unions and panchayats or finally by the tax-payers and inhabitants generally. Election of presidents and vice-presidents could be allowed to all the units of this hierarchy, but where permission was not given, the Collector was to be *ex-officio* president of the district board, and the Divisional Revenue Officer of the taluk board The president of the panchayat, when not elected, was to be appointed by Government.

(b) *Bombay.*—The main constitutional feature of the Bombay Local Boards Act of 1884 (Act I of 1884) was the *recognition of the elective principle.* Otherwise, it reproduced the main provisions of the Bombay Local Funds Act of 1869. The taluka sub-committees which that Act had created were re-named " taluka boards ", and became the primary units of rural local self-government; the district committees were designated *local boards, having control over the taluka boards. Each board was to consist partly of elected and partly of nominated members*; at least one-half of the members were to be elected, and not more than one-fourth were to be salaried officials of Government. *The power to appoint the president or allow him to be elected was left to Government.* If the president was a salaried official, the board had the right to elect its vice-president. No village unions or panchayats were created.

(c) *Bengal.*—The Bengal Government proceeded on the principle of differentiating between different portions of the province on the basis of their fitness to exercise the powers of local self-government. In the more advanced districts, local boards were given jurisdiction over sub-divisional areas, and district boards were created with independent functions as well as with controlling authority over local boards In

a number of detailed proposals to enlarge powers of local bodies and to make them more democratic. But the pronouncement of the Government of India on these recommendations, which is embodied in a resolution issued by them in 1915, though favouring a general policy of further progress, left to local Governments the decision as to its pace

12. *The declaration of 20th August, 1917.*—The next step forward was the direct outcome of the declaration of 20th August 1917 regarding the future policy of constitutional advance in British India. In commenting on this pronouncement, Lord Chelmsford explained to the Imperial Legislative Council on 5th September 1917 that the first road along which advance could be made towards "the progressive realisation of responsible Government in India" was in the domain of local self-government. The authors of the Joint Report on Indian Constitutional Reforms took the same view. They thought that popular growth must be more rapid in the lower than in the higher level of the structure of Government, and were of opinion that the largest measure of responsibility should be introduced in the sphere of local self-government. One reason for this was that local bodies constitute the base of the administrative pyramid. The second reason was that as these bodies concerned themselves with matters which immediately and ultimately concern the individual, i.e., local sanitation, local communications, local dispensaries and local schools, the elector would take a keen personal interest in their working, and his representative an efficient part in the administration by virtue of his understanding of local problems To make local self-government both fully representative and responsible they suggested the following formula —

Para. 188, p. 93 of report.

"There should be, as far as possible, complete popular control in local bodies, and the largest possible independence for them of outside control."

13. *Resolution of 16th May, 1918*—The recommendations of the authors of the Joint Report, in so far as they aimed at fundamental changes in the powers and duties of the Secretary of State, the Government of India and local Governments, had to be given effect to by legislation in the Imperial Parliament Their suggestions regarding the development of local self-government needed no such sanction, and were elaborated in a resolution which the Government of India issued on 16th May 1918 The principles enunciated in this document were as follows :—

(1) That in both municipalities and rural boards, a substantial elective majority should be secured.

(2) That the representation of official experience should be secured by the nomination of experts for purposes of discussion and advice only and without the right of voting.

(3) That special representation of minorities, where this was necessary, should be secured by nomination rather than by a system of communal or proportional voting.

(4) That the franchise for election to local bodies should be sufficiently low to obtain constituencies which will be really representative of the rate-payers.

(5) That there should be general replacement of nominated official chairmen of municipalities by elected non-officials and, that for rural boards also ; the election of non-official chairmen should be encouraged wherever possible. Where nomination was necessary, endeavour should be made to nominate non-official chairmen.

(6) That boards, both municipal and rural, with substantial elected majorities, should have full liberty to impose or alter taxation within the limits laid down by the municipal laws ; where no limits were imposed by the law, the sanction of outside authority should be required to increase the existing tax. Boards which were indebted to Government should not be allowed to reduce a tax without the sanction of Government.

(7) That local bodies should, subject to such general principles as Government may prescribe, have full control of any funds that they themselves may raise for any particular object.

(8) That, subject to the requirement of maintaining a minimum standing balance to be prescribed by Government, local bodies should have a free hand with regard to their budgets.

(9) That the system of requiring local bodies to devote fixed portions of their revenues to particular objects should be done away with But, if Government gave a grant for a particular object, the grant must be applied to that object.

(10) That an advance should be made towards the emancipation of boards from the restriction to seek outside sanction for public works expected to cost more than a certain amount.

(11) That, except with regard to the appointment, removal and conditions of service of the principal executive or of expert officers, outside control over the establishments of local bodies should be eliminated, Government only prescribing general rules in respect of such matters as leave allowances, maximum salaries, pension or provident funds

These principles aimed at a thorough democratisation of the electorates and the composition of local bodies, and at as complete a measure of emancipation from outside control as local circumstances and considerations of prudence seemed to warrant. Control, in fact, it was sought to limit to taxation and borrowing, and to interference in the event of grave default or dereliction of duty.

14. *Village panchayats.*—The Decentralisation Commission had devoted a special chapter to the discussion of this subject, and to the formulation of proposals for fostering village government. The Government of India resolution of 1915 had laid down certain guiding principles, but, during the three years that had elapsed since its issue, there had

been no practical developments in this field. Presumably, the war was responsible for this inactivity The resolution of 1918 dealt afresh with the question of the formation of village panchayats, viewed not as mere mechanical adjuncts of local self-government but as associations designed to develop village corporate life on the basis of the intimacy existing between the inhabitants, who had not only common civic interest, but were also connected by ties of tradition and of blood In this resolution the danger of insistence on the pursuit of a rigid uniformity of model when so much depended on local tradition and local aptitude was recognised. But the need for making an effective beginning in the field was also impressed on local Governments Simplicity of legislation which would allow the maximum of elasticity for the regulation of the experiment was enjoined. For general guidance it was suggested (*a*) that village officials should be associated with panchayats, the other members being chosen by informal election by the villagers, (*b*) that their functions should be to look after village sanitation, village education and petty litigation, both civil and criminal, and (*c*) that they should have powers of permissive taxation, but that the assignment to them of a portion of the village cess should be the normal way of financing their activities

15. *Result of resolution of 1918*—The result of the 1918 resolution was fresh legislation to give effect to the principles enunciated in that document. In the major presidencies some or all of it was passed before the introduction of the reforms Madras for instance passed four Acts, *i e.*, the Madras City Municipal Act in 1919 and the District Municipalities Act, the Local Boards Act, and the Village Panchayats Act in 1920. Post-reform legislation in this presidency embodies no important advance. Bombay also passed an Act in 1920 to constitute or increase the powers of village committees Bengal passed a Village Self-Government Act in 1919 which incorporated the policy of constituting at the earliest possible date union boards, comprising groups of villages throughout the Presidency. and the Central Provinces, a Local Self-Government Act, *relating to rural boards But rules under this last Act were promulgated* by the reformed Government

16. Under rule 6 of the Devolution Rules framed under Section. 45A *of the Government of India Act, local self-government was classified* as a provincial transferred subject From 1921, therefore the practical application of the p licy and principles formulated in the resolution of May 1918 fell to Ministers The power was fully exercised as is proved

franchise, removed the sex disqualification and gave increased powers to local boards Act No. XVIII of 1925, relating to "city" municipalities raised the proportion of elected members to four-fifths of the total number, gave to women the franchise and the right to stand for election, and made special provision for the representation of the de-

pressed classes. In Bengal, the Calcutta Municipal Act was passed in 1923. It recognised the principle of one man one vote, gave the Muhammadans a separate electorate, and removed the sex disqualification. The constitution of the corporation was also democratised, the office of both Mayor and Chief Executive Officer being made elective. In the United Provinces, a private Bill, moved by one of the Minister's followers, was passed in 1922 reducing the qualifications for the municipal vote. In November 1922, the Legislative Council of the same province passed an Act relating to district boards (Act X of 1922) which

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to impose taxes on circumstances and property and to increase the local rates. The Punjab passed no less than five laws on the subject of local self-government. The Punjab Municipal Amendment Act of 1921 increased the power and independence of municipalities. The Punjab District Boards Act passed in the same year, also generally lowered the franchise. The Punjab Small Towns Act, the Village Panchayats Act and the Town Improvements Act aimed, according to a report of the local Government, at creating "a democratic and self-reliant spirit" and at setting up "a better organisation" in these smaller units of population "for purposes of sanitation and public health." A redistribution of seats on local bodies was also carried out on the basis of the mean ratio between the population of the different communities inhabiting the province, and their relative voting strength. In municipalities, the communal system of elections, which was an inheritance from the pre-reform Government, was extended. In district boards, communal electorates as such were not introduced. The nominated element on all local bodies has been substantially reduced and municipalities have been encouraged to elect non-official presidents and vice-presidents. In Bihar and Orissa, one of the first acts of the Minister was to call a conference to discuss a Bill drafted by the pre-reforms Government to amend the Bengal Municipal Act of 1884. The main features of the law, as finally passed, were—

(i) extension of the franchise to all persons paying Rs. 1-8 in municipal taxes and also to educated women, otherwise qualified,

(ii) disqualification of salaried servants of Government for election as chairman and vice-chairman of a municipality, and

(iii) creation of a local self-government board, with a majority of members elected by the Legislative Council from its own ranks, to exercise such powers of co-ordination and control as Government may delegate to it.

The law to amend the former Local Self-Government Act was also influenced by the discussions which took place in the conference convened to consider the Bill relating to municipalities. It introduced, for the first time, direct election to district boards, and removed the

boards from the supervision and control of local officers The election of salaried officials of Government to hold the post of chairman or vice-chairman of a board was made impossible. The central machinery provided for district boards was a Public Health Board, constituted with functions similar to those of the Local Self-Government Board. A Village Administration Act was also passed which provided (*a*) for the formation in villages of union boards, charged with certain administrative powers to be exercised under the control of district boards in respect of schools, sanitation, etc.; and (*b*) for the constitution of village panchayats with power to try petty civil and criminal cases. In the Central Provinces a Municipalities Act was passed in 1922, of which the chief features were extension of the franchise, reduction of official and nominated members, extension of the powers of municipal committees, and reduction of official control. In Assam, the Minister of local self-government was responsible for the passage into law in 1923 of the Assam Municipal Act which had the effect of (*a*) substituting Government control for control by the commissioners in certain matters, (*b*) subjecting the rule-making power of Government to the approval of the Legislative Council, and (*c*) the establishment by rule of *communal* representation on municipal boards In 1926 the Assam Legislative Council passed three more Acts, relating to local bodies, of which the Assam Rural Self-Government Act (VII of 1926) and the Assam Local Self-Government (Amendment) Act (VIII of 1926) are important. Act No. VII of 1926 provided for the creation of village authorities on a wholly elective basis to undertake the management of village affairs, *e g.*, water supply, communications and public health Success in the field of administration first entrusted to these bodies can be rewarded by its enlargement so as to include control of village forests or the management of any local institution or work of public utility within the village area. Control over them is to be exercised, not by local boards, but by a provincial registrar, *i.e.*, by Government direct. Act VIII of 1926 followed the Municipal Act of 1923 in increasing the number and proportion of elected members, in making Government officials only supernumerary members without a vote, and in prescribing election as the normal method of appointing a chairman. The boards have been given additional powers of taxation and the power of control over them of the executive officers of Government has been reduced. In Burma, the Municipal Act of 1884 (Act No. X of 1884) is still in force but a Bill to amend it has been introduced in the provincial Legislative Council. For rural areas, an Act was passed in 1921 (Act No. IV of 1921) which empowered the local Government to establish circle boards and district councils in the districts. The circle board is the smaller unit of local self-government. It embraces, within its jurisdiction aggregations of villages called groups and derives its duties and funds from the district board. The members of a circle board consist of (*a*) persons elected by groups of village tracts and (*b*) of co-opted officials of the Medical, Public Works, Sanitary and Veterinary departments. These latter cannot vote. The district council consists of members elected by circle

boards within the district, of co-opted officials, and of members nominated by Government. The number of nominated members cannot exceed three, or one-sixth of the number of elected members, whichever is less. The elected members of both classes of boards elect the chairman. In areas in which no district councils are established, independent circle boards may be formed *with or without subordinate village committees.*

17. From the preceding summary it will be observed that the principles laid down by the Government of India in 1918 have by now been embodied *in the local self-government law of practically every province.* The account of the existing structure of municipal and rural boards which is given in the following section will show how far the elective element on these bodies has been strengthened, and to what extent control has actually been reduced and made external. Broadly speaking, it may be said that boards, both municipal and rural, are now predominantly non-official in all Governors' provinces, and that the control of Government has been made completely external by elimination of officers of of Government from the position of chairman. And even external control has been limited to the ensuring of public safety and the maintenance of the public peace, to the protection of the public from the effects of grave incompetence and persistent default on the part of civic authority and to the safeguarding of civic finances from the risks of inexperience and imprudent zeal.

Complete figures to show the growth in the size of the electorate are not available, but table III compares the available data for 1919 and 1926 for various classes of local bodies.

PART II.—THE STRUCTURE.

A.—MUNICIPALITIES.

The units of urban local self-government are municipalities. In 1925-26 there were 745 municipalities in British India* (excluding the municipal corporations of Madras, Bombay, Calcutta, and Rangoon), *i.e.*, 80 in Madras, 156 in Bombay, 115 in Bengal, 85 in the United Provinces, 104 in the Punjab, 58 in Bihar and Orissa, 65 in Central Provinces, 25 in Assam and 57 in Burma. 18·24 million people or 7·5 per cent. of the total population of British India* were living within municipal areas.

2. *Composition and strength.*—All the municipalities now have a majority of elected members. In Madras, the United Provinces, the Punjab and Burma, the law fixes the minimum of such members at ¾ths of the whole number ; in Bombay the statutory minimum is 4/5ths for city municipalities and ½ for others ; in Bengal it is 2/3rds ; and in Bihar and Orissa and Assam 4/5ths. In the Central Provinces 3/5ths

*Governors' provinces only.

of the members are elected direct by the rate-payers, and another fifth "selected" by the elected and nominated members from the members of the retiring committee. The strength of each municipality is ordinarily fixed by the Government, though in some provinces maxima or minima or both are fixed by the law. The number of elected and nominated members serving on municipalities at different periods, ending with the year 1925-26 is shown in Table I.

3 *The electorate.*—In every province the voter must be a British subject, 21 years of age, qualified by residence, the period of which varies from 120 days to a year, and registered on the voters roll.

Madras.—The fiscal qualifications in Madras are payment of a property tax, or a tax on companies, or a profession tax, or a surcharge on income-tax.

Bombay.—In Bombay the voter must be the owner of a house or building of a minimum annual rental value of Rs 12 (a little less than a pound sterling), or a capital value of Rs 200 (a little over £15).

Bengal.—In Bengal payment of Rs. 1-8-0 in rates or payment of or assessment to income-tax, or the possession of certain educational, or professional qualifications, or occupancy of a holding or part of a holding in respect of which a sum of Rs 1-8-0 (or 2¼ *sh* in English money) has been paid, constitute the other conditions of eligibility

United Provinces.—In the United Provinces the qualifications of candidates are prescribed by rules which lay down the minima of amounts payable in municipal taxes, other than octroi or toll, to qualify a person for the municipal vote ; other, but alternative, qualifications are possession of a university degree, payment of income-tax, ownership or occupancy or tenancy of landed property, or enjoyment of a certain income. Monetary minima relating to the last four qualifications are also prescribed by rule.

Punjab—In the Punjab, the qualifications of voters are prescribed by rules framed by the local Government The monetary qualifications are different for different groups of municipalities. The main qualifications are receipt of a certain income, or ownership or occupancy of premises paying a specified rent, or payment of income-tax or land revenue.

Burma.—In Burma the qualifications are ownership of fixed property or payment of prescribed rates. Graduates are eligible to vote even if the proprietary or fiscal qualification is not fulfilled.

Bihar and Orissa.—In Bihar and Orissa every male person who has paid municipal taxes or fees to the maximum amount of Rs. 1-8-0 or has paid or been assessed to income-tax, every male or female who has been resident in any holding or part of a holding in respect of which a sum of Rs 1-8-0 has been paid in taxes, and every authorised pleader, medical practitioner or holder of a recognised certificate in certain oriental languages, or a retired pensioner or discharged officer or soldier of the regular army can be enrolled as a voter.

Central Provinces.—In the Central Provinces the qualifications are enjoyment of an income of Rs. 120 (a little over £9) or more ; assessment in municipal taxes to a sum of Rs. 2 or such smaller amount as may be prescribed, or ownership of house property of an annual rental value of not less than Rs. 60 or such smaller minima as may be prescribed. For special constituencies, the nature and amount of taxes to be paid, and the educational qualifications for the franchise are prescribed by rule.

Assam.—In Assam the local Government is invested with power to make rules to specify the qualifications of voters, but the law lays down certain conditions which must be fulfilled, *i.e.*, payment in rates of a minimum amount of Rs 2, or payment of or assessment to income-tax, or possession of a degree of a university, or practice of certain professions or occupancy of a holding or part of a holding which has paid not less than Rs. 2 in rates, or for a manager in charge of a company or firm occupying land or buildings within the municipal limits, the occupancy of a building of a minimum annual rental value of Rs. 50.

The figures in table III give an idea of the growth in the size of the municipal electorate since 1919. Unfortunately, data for a complete comparison are not available. It will be observed that for the earlier year some provinces have only been able to supply figures for a number of municipalities In the case of Madras, for instance, statistics for 12 municipalities could not be furnished. In Burma, the number of municipalities has increased since 1919 by 11, but the increase in the electorate was about 31,000. On the whole, it seems safe to assert that in all the [illegible] d. Thus, both in Madras [illegible] figures for certain muni- [illegible] from 58,554 and 166,775 respectively to 215,348 and 505,091 is remarkable. An exact assessment of the proportionate increase is impossible in regard to the Central Provinces, where the 1919 figures do not give the number of 18 out of 59 municipalities. Nevertheless, the rise in totals from 47,290 to 177,835 is most significant. In the United Provinces and the Punjab the electorate has grown more than twice its previous size, while in Bihar and Orissa and Assam it has nearly doubled.

4. *Qualifications of candidates.*—Every candidate for election to a municipality must be enrolled as a voter. In Madras, Bengal and Assam only male voters are eligible for membership ; subject to this condition every voter can stand for election. In Bombay, the Central Provinces, Bihar and Orissa and Burma any one who is enrolled as a voter can stand for election. Both in the United Provinces and in the Punjab, qualifications of members are prescribed by rule.

5. *Method of appointment of chairmen and vice-chairmen.*—In *Madras* members of a municipal council elect the chairman from among themselves unless Government otherwise direct. They may also elect one of them to be vice-chairman.

In *Bombay* both the chairman and vice-chairman, called president and vice-president, respectively, are elected in "city" municipalities. In others, the president is elected or appointed from amongst members as directed by Government and the vice-president is elected subject to approval, in certain cases, of the Commissioner or the local Government.

In *Bengal*, the law divides municipalities into those which can elect their chairmen and those which cannot. All vice-chairmen are elected.

In the *United Provinces* the chairman is ordinarily elected but Government has the power to withhold the privilege from any municipality. Vice-chairmen are elected.

In the *Punjab* election is the usual practice, but is subject to the approval of the local Government or the Commissioner according as the municipality is of the first or second class. A municipality can, however, petitition Government to appoint a president Vice-presidents are elected.

In the *Central Provinces* election of the president and vice-president is prescribed by law. The distinctive feature of this province is that persons who are not members of the municipal committee, but are resident within the municipality, are eligible for election.

In *Bihar and Orissa* election is prescribed by statute and Government has the power to nominate a chairman, only if the Commissioners fail to elect one, and in some backward areas. All vice-chairmen must be elected

In *Assam* the chairmen of all, except a few scheduled municipalities, are elected. All vice-chairmen are elected.

In Bombay, the United Provinces, Bihar and Orissa, the Central Provinces, and Assam no salaried servant of Government can be elected as president, and the election of such persons in the Central Provinces is subject to the sanction of the local Government

The number of elected and non-elected chairmen in municipalities is compared for the years 1884-85, 1894-95, 1907-08, 1918-19 and 1925-26 in Table I.

6. *The executive.*— In *Madras* the chairman exercises the executive power of the municipal councils and is directly responsible for the carrying out of the municipal law. In *Bombay* the chairman's duty is to watch over the financial and executive administration, and to exercise supervision and control over the acts and proceedings of all municipal employees. The executive power for the purpose of carrying out the provisions of the Act vests in the Chief Officer appointed by the municipality. In *Bengal, Bihar and Orissa, the Punjab*, and the *Central Provinces*, the municipal committee itself transacts most of the business. The position in the *United Provinces* is similar, except that in municipalities which have no Executive Officer, the chairman is empowered to make

may delegate to him. The chief executive authority for ordinary administration is the executive officer who is appointed by the board by a special resolution.

7. *The establishment.*—In *Madras* appointments to posts under a municipality are, with certain exceptions, made by the chairman in accordance with a schedule of establishments approved by the municipal committee.

In *Bombay* the staff of officers and servants to be employed by the municipality, the respective designations, salaries, fees or other allowances of such officers and servants and their powers and duties are determined by rules made by the municipality. Appointments to posts carrying a salary not exceeding Rs. 50 are made by the Chief Officer.

In *Bengal* the number of subordinate officers and servants necessary for the municipality and the salaries to be paid to them are determined by the municipal commissioners. Subject to the scale of establishment decided upon, the chairman has the powers of appointment and dismissal of functionaries whose salary is Rs. 50 or less.

In the *United Provinces* the power to appoint and to fix the salaries of temporary servants in case of emergency rests with the chairman, but the strength of the permanent staff (other than the executive officer, secretary, engineer, and health officer) required for the discharge of the duties of the board and the salaries to be paid to them are determined by a special resolution of the municipal board. The appointment of Secretary is made by the board but is subject to the approval of the Divisional Commissioner.

A municipal board may, by a special resolution, appoint an executive officer, but such appointment and the salary and other conditions attached to it are subject to the approval of the local Government.

In the *Punjab*, the municipal committee employs such officers and servants as it may consider to be necessary or proper for the efficient execution of its duties and determines their remuneration. But the Deputy Commissioner can require it to dismiss any officer or servant whom he considers to be incompetent, and the Commissioner is empowered to prevent extravagance by requiring reduction of the number or the remuneration assigned to employees.

In the *Central Provinces*, with the exception of the secretary, the health officer or any other special executive officer specified by the local Government by rules made under the Act, a municipal committee is empowered to employ such officers and servants as may be necessary for the efficient discharge of its duties

In *Bihar and Orissa* the commissioners determine from time to time what officers and servants are necessary for the municipality, and fix their salaries and leave allowances. The chairman has power to make appointments the salary of which is Rs. 50 or less. The creation of any appointment, the maximum salary of which is Rs. 100 and the increase

in the maximum pay sanctioned, to an amount exceeding Rs. 100, is subject to the sanction of the local Government

In *Assam* the board determines the appointments and status of employees and fixes the salaries and allowances to be paid by it. But the appointment of any officer whose pay is wholly or partially contributed by local Government cannot be created or abolished without the local Government's sanction and nomination to or dismissal from any such appointment is subject to confirmation by the Commissioner of the division.

Provincial Acts also provide for the appointment of committees for the disposal of business in some special branch of the administration, or for investigating and reporting on special questions, or for the management of wards The parent board delegates to these committees or sub-committees powers for the discharge of such duties as may be assigned to them

Madras, sec. 23-24. Bombay, secs. 37-39 C P., sec. 24. Punjab, secs. 33-34. U. P, secs. 104 & 112. Assam, sec. 41 B & O, sec. 49. Bengal, secs 50 & 53

8. *Functions.*—The functions of municipalities in most provinces are similar. Generally, their duties are to provide, maintain and promote the amenities of life for the civic population. Their activities fall under five heads, *viz.*, education, public health, sanitation, medical relief and public works

Education.—Under education, their primary concern is the construction, maintenance or aiding of elementary, and, not infrequently, of secondary schools In some provinces, they are also the principal agents for the introduction and promotion of the policy of compulsory primary education.

Public health and sanitation —In the sphere of public health they concern themselves with drainage, water supply, conservancy, the prevention of epidemics and regulation of offensive and dangerous trades, vaccination and the registration of births and deaths.

Medical relief.—To provide medical relief they may establish and maintain or aid public hospitals and dispensaries, including infectious hospitals.

Public works.—The public works under their control include the

streets, the establishment and maintenance of public gardens and parks, libraries, museums and picture galleries, and the planting and maintaining of trees along the public highways In times of famine they may also open relief works.

Municipalities also construct and maintain veterinary hospitals and fire brigades and hold fairs and industrial exhibitions.

9 *Sources of revenue.*—Municipal revenue is derived mainly from two sources—(1) taxation and (2) Government grants. Table IV compares the revenue derived from these sources for each of the six years ending 1925-26.

The income from the principal taxes in force in different provinces is shown for different periods in table XII. The taxes may be grouped under the following heads .—(1) taxes on persons, (2) taxes on income, (3) taxes on fixed property, (4) taxes on profession, (5) taxes on animals and vehicles, and (6) taxes on trade.

The taxes imposed on persons are the servants' tax, the pilgrims' tax and the tax relating to the occupancy of buildings or holdings based on circumstance and property. The tax on income is the surcharge on the income-tax. The property tax includes rates on buildings or lands or on both. The profession tax includes taxes on companies, trades and callings Most provincial laws permit taxes on animals and vehicles entering municipal limits or kept or plied for hire within such limits and taxes on dogs kept within municipal limits

Taxes on trade are the octroi and the terminal tax. Besides these taxes there are imposts which may be comprehensively described as rates levied for public services. In this class would fall the water rate, the drainage tax, the lighting tax, the conservancy tax, the special educational cess and the sanitary cess.

Powers of control of local Governments and their officials, over municipalities.

The powers of direction, superintendence and control over municipalities vested in provincial Governments are more or less similar in all the provinces, and may be grouped under four heads :—

I. Powers of creation constitution, supersession, suspension and abolition.

II. Powers over personnel, *i.e.*—
(*a*) office-bearers and members ; and
(*b*) municipal servants.

III. Financial powers in regard to —
(*a*) taxation ;
(*b*) loans ; and
(*c*) budgets.

IV. Powers of direct action in emergency.

The local officers of Government, generally district officers and commissioners of division, have powers of inspection and criticism. They can enter upon municipal property for inspection and call for information and records. District officers also have powers of direct action in an

emergency which involves danger to life or threatens the public peace. The following description of the position in Madras will help to give an idea of the nature and scope of these powers.

I. *Powers of creation, constitution, supersession, suspension and abolition.*

The local Government alone can create a new or modify the territorial limits, or abolish, an existing municipality. If a municipal council is, in its opinion, incompetent, or a persistent defaulter in the performance of its duties or guilty of exceeding or abusing its powers, the local Government can dissolve it or supersede it, for a period not exceeding two years. In the event of supersession, the local Government appoints a person or persons to carry on all or a portion of its duties.

The local Government also fixes the proportion of elected to nominated members, subject to the minima prescribed by the law ; nominates the non-elected members and can remove certain disqualifications for membership.

II. *Powers over personnel.*

The local Government have to sanction the salary fixed by a municipal council for a paid chairman , and where a municipality is first created, may appoint all the members for a period not exceeding 18 months. They can remove a chairman who, without sufficient excuse, omits or refuses to carry out any resolution of the municipal council. They may require a municipality, in certain circumstances, to employ a health officer and a municipal engineer, fix their salaries and even appoint them, if the municipality fails to do so within a prescribed period. Where a municipality makes either of these appointments, its action is subject to Government approval. Nor can these officers be removed without such approval. Government servants in municipal employ cannot be dismissed without Government sanction.

III. *Financial powers.*

Taxation.—Every resolution of a municipal council, reducing or abolishing a tax, has to be reported to Government when a municipality is in debt either to Government or to the public, and is subject to Government's approval. Approval is also required for the imposition of certain taxes, *e.g.*, a surcharge on income-tax, and a pilgrim tax, and to the levying of a property tax on buildings at special rates Exemption of any part of a municipality from the payment of certain municipal taxes, or the exemption from any tax or toll of any person or class of persons requires Government sanction.

Budgets.—Every municipal council has to submit its budget to the local Government, which have the power to alter it if, in their opinion, adequate provision has not been made for the due discharge of liabilities in respect of loans, and for the maintenance of a working balance ; nor can the provision made for these purposes and approved by the local

Government be altered at any time within the financial year without Government approval.

IV. *Powers of direct action.*

The Government can ask for information and papers, suspend the execution, or cancel, any order of a chairman or of a resolution of a municipal council, or suspend or cancel any license or permission granted by it, if such resolution, permission or license is considered to be *ultra vires*, or likely to cause danger to human life, health or safety, or to lead to a riot or affray. In case of default by a council or its chairman in the performance of any duty imposed by or under the municipal law, the local Government can order its performance within a prescribed period, and, if the duty is not performed, can entrust it to a person appointed by themselves and recover the cost.

The district officer can inspect municipal property and works, call for information and papers and suspend any resolution, order, license, permission or act of a municipal council if he considers immediate action to be n [illegible]
or pro [illegible]
is with [illegible]
is, in his opinion, dictated by considerations of public safety.

B.—Rural boards.

In rural areas, the principal unit of local self-government is the district board. Local or taluk boards are their agents, which generally discharge such duties as may be entrusted to them by the parent board, under the latter's control In 1925-26 there were 196 district and 581 taluk or local boards in the Governors' provinces.* The jurisdiction of these bodies covered 727,379·733* square miles and included a population of 211,127,308.*

Composition.—In Madras, not less than ¾ths of the members of a district board must be elected. The remaining ¼th are nominated by Government, nomination being made partly with a view to providing for the representation of the Muhammadan community and the depressed and backward classes. The proportion of elected to nominated members in taluk boards is the same as in district boards. In Bombay, both in the district and taluk boards the proportion of elected members is the same as in Madras. In Bengal the law provides that not less than one-half of the members of a district board and not less than ⅔rds of the members of a local board may be elected. In the United Provinces all members of district boards except two have to be elected. Of the two members nominated, one is ordinarily selected to represent the backward and depressed classes. In the Punjab, the proportion of elected and non-elected members is determined by the local Govern-

*Excluding Burma for which information is not available.

ment for both district and local boards. In Burma, the proportion of elected members is fixed at 6/7ths of the total number of members as regards "circle" boards, which correspond to local or taluk boards in other provinces. As regards district councils, the provision is that ordinarily all members other than those co-opted shall be elected by members of "circle" boards. In Bihar and Orissa, the elected members of a district board must not be less than ¾ths of the total. Nomination of the remainder is designed primarily to secure representation of minorities and of expert knowledge or experience in the administration. The same rule applies to local boards. In the Central Provinces, the proportion of elected to nominated members is 5 : 1 for district councils, while for local boards it is 3 : 1. In Assam not less than 4/5ths of the members of a local board have to be elected. Both in the Central Provinces and Assam Government officials are not eligible even for nomination.

The actual numbers of elected and nominated members in the different provinces in 1925-26, and, where available, for earlier years, are given in respect of both district and subordinate boards in Table II.

The electorate.—In all provinces, an elector must ordinarily be a British subject, of 21 years of age (except in Burma, where the age limit is 18 years), of sound mind and possessed of a residential qualification. In Madras, except where there is no taluka board, election to district boards is made by members of the taluka board. The basic electorate, therefore, is the taluka electorate, which rests on a proprietary or tenurial interest in land of the annual rent value of not less than Rs 10, or on payment of income-tax or a profession tax or a tax levied on companies, or of Rs. 3 a year as house tax. A retired pensioner or discharged non-commissioned officer or soldier of His Majesty's regular forces is exempt from the proprietary, tenurial and fiscal qualifications. In Bombay qualifications of electors for district and taluk boards are identical. The monetary value of the interest in land qualifying for a vote varies from Rs. 8 to Rs. 32. Assessment to any tax imposed by a local board other than toll or octroi is an alternative qualification to the possession of an interest in land. In Bengal, as in Madras, members of district boards are elected by the local boards. At elections to local boards, persons possessing the franchise for union boards may vote in areas in which the Bengal Village Self-Government Act of 1919 is in force. Only male persons of 21 years of age or over, who have a place of residence within the union and have paid a minimum cess of Re. 1 under the Cess Act of 1880 or a union rate have the union board franchise. In areas not affected by that Act, the qualifications of a voter are membership of a union committee or payment of a minimum amount of Re. 1, either as a road cess or on account of the chaukidari tax, or possession of a minimum annual income of Rs. 240 or, in the case of graduates or licentiates of a university or pleaders, membership of a joint family, one of whom is qualified for election. In the United Provinces the qualifications are tenancy of land, of which the rent may be as low as

Rs. 25 per annum for permanent or fixed rate tenants and as high as Rs. 50 for other tenants, assessment to income-tax or to a tax on circumstances and property or possession of certain stated educational qualifications. In the Punjab also, interest in land or the payment of a tax forms the basis of the franchise. For instance, an owner of land, within the board's jurisdiction which is assessed to land revenue in a sum not less than Rs. 15 per annum, or an assignee of land revenue amounting to not less than Rs. 30 per annum, or a tenant or lessee of Crown land for a minimum period of 3 years on which a minimum annual rent of Rs. 15 is payable, or an occupancy tenant of land assessed to a land revenue of not less than Rs. 15 can be a voter. The other financial qualifications are assessment to income-tax, or payment in the preceding year of a minimum sum of Rs. 2 on account of a cess, rate or tax payable to the board. Besides these, there is a limited class of voters, whose qualification is status or office. To the former category belong the retired or discharged non-commissioned officers or soldiers of His Majesty's regular forces ; to the latter, functionaries known as zaildars, inamdars or lambardars. In Burma, election to district councils, which is the name given to district boards, is by members of circle boards. The age of majority is 18 years. The fiscal qualifications are payment of land revenue, or capitation tax, or a tax on circumstances and property or income-tax or, in the case of non-residents, ownership of property, or payment of a tax on the income derived from such property, or assessment to land revenue on not less than 10 acres of land for a minimum period of 6 years. In Bihar and Orissa, holding an estate, which pays a minimum cess of Rs. 12 p. a., or tenure of land which is assessed for purposes of local cess to a minimum of Rs. 100 p. a. or holding as a raiyat land which is liable to an aggregate rent or local cess varying respectively between Rs. 16 and Rs. 64, and 0-8-0 and Rs. 2, or assessment to income-tax or to a cess in a minimum sum of Rs. 1-8-0, qualifies for a vote. Professional men, such as barristers and pleaders, and persons possessing certain educational qualifications, *e.g* , matriculation and school leaving certificates, can also become voters, provided that they have been resident within the electoral circle during the preceding 12 months in any holding in respect of which a chaukidari tax has been paid during such period. In the Central Provinces, 2/3rds of the members of district councils, as the boards are called, are elected by members of local boards from among themselves, and 1/6th are " selected " by the elected members. The qualifications of voters for local boards are (1) the holding of land assessed to a minimum land revenue varying between Rs. 50 and Rs. 100 or (2) tenancy of land in respect of which an annual rent varying between Rs. 10 and Rs. 25 is paid, or (3) possession of a minimum annual income derived from sources other than agriculture, of Rs. 250, or payment of a special annual school rate of Rs. 3, or more in Berar. In Assam, assessment in respect of municipal or cantonment rates or taxes to an aggregate minimum amount which varies between Rs. 1-8-0 and Rs. 3, or to income-tax, or to a tax of not less than Re. 1 in a union under Chap. III of the Bengal

Municipal Act, 1876, or in certain constituencies, to a chaukidari tax of not less than a similar amount confers the franchise in the Muhammadan and non-Muhammadan constituencies. In other constituencies, ownership of land of assessable value of not less than Rs. 15 per annum or liability to pay a local rate of not less than Re. 1 per annum constitute the proprietary and fiscal qualifications. In addition, a retired pensioner ... Majesty's ... and Surma ... engineers or medical officers employed on a tea estate are also eligible to vote.

The general disqualifications are conviction for a criminal offence involving imprisonment for a specified period or possession of an unsound mind.

The deficiency of the figures supplied for 1919 makes an accurate estimate of the increase in the size of the electorate of rural boards—both district and taluk—or similar smaller organisations difficult. Nevertheless, as in the case of municipalities, the broad conclusion that there has been a substantial or even remarkable increase can be safely drawn. ... 12 to 8 62 lacs or more than ... d seem to have been equally ... f ·65 lacs for 1919 omits all the taluk boards in the Northern Division and 66 taluk boards in Sind and the Central Division, besides a few such boards in the Southern Division, imposes a caution on generalisation. In the Punjab the electorate has more than trebled , in the United Provinces, the 1919 statistics do not include information about 13 out of 48 areas. Still, it is impossible to describe an increase in the number of voters from a little under ten thousand in that year to over a million in 1926 otherwise than as most striking. In the Central Provinces, direct elections are made to local boards, and not to district councils. In this province, it seems safe to state that the electorate has probably increased fourfold. I ... 1·55 lacs represents a percentum r ... s for 1919 are not available. In t ... son is impossible as in 1919 the elective system was not in force in the province. Burma shows an unaccountable decrease of 1·80 lacs approximately as compared with 1922, which is the first year in which elections were held.

Qualifications of candidates.—In Madras, Bombay, the United Provinces, the Punjab, Burma, Bihar and Orissa, the Central Provinces and Assam, every candidate for election to a district or its subordinate board must be registered on the proper electoral roll , no other special qualification is prescribed. In Bengal, every *male* person of the age of 21 who is a member of the union committee within the area under the ...

income of Rs. 1,000 or belongs to a joint family, one of whose members fulfils either of the qualifications described above and is also a graduate *or licentiate of a university or a pleader or a muktear, is qualified for* election as a member of the district or local board.

The disqualifications for membership are a sentence of imprisonment, bankruptcy, interest in a subsisting contract made with or in any work done for a local board, except as a share-holder of an incorporated company, or service under the board. The disqualification imposed by a sentence of imprisonment can generally be removed by the local Government. In Madras, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces and Assam salaried officials of Government are, broadly speaking, disqualified for election. In Bombay disqualification on the ground of Government service is confined to judges of a civil court. In Bengal and Burma, Government service is not a disqualification for election.

The executive—

(*a*) *Appointment of chairman or president.*—In Madras, the president is appointed by the local Government unless election is authorised by the board In practice, however, nearly all the chairmen are now elected. In taluk boards the election is the normal procedure. In Bombay, the law provides for election of the president of both classes of boards. No salaried servant of Government is eligible for election. In Bengal, the position is the same as in Madras, except that the election of president is subject to the approval of the local Government In the case of local boards, the approval of the Divisional Commissioner is required instead of that of the local Government In the United Provinces, the office is elective but Government sanction is required if a person is elected to be chairman for more than two successive terms In the Punjab, the local Government decides whether the chairman shall be elected or appointed. In 1925-26, there were only two elected chairmen of district boards in this province The legal position in regard to local boards in the Punjab is the same. In Burma, the chairmen of both district councils and circle boards are elected in accordance with rules made by the local Government. In Bihar and Orissa, the chairmen are elected everywhere in the province, except in the Chota Nagpur division, where they may be ei [illegible] t [illegible] C [illegible] is elective, unless a board requests the local Government to appoint its chairman.

(*b*) *Appointment of staff.*—In Madras all officers other than the District Engineer and the District Health Officer are appointed by the president subject to rules made by the local Government. Appointment to the office of District Engineer or District Health Officer is subject to the approval of the local Government. In the case of taluk boards all officers are appointed by the president subject to rules. In Bombay, the district local board appoints its officers and those of the

taluk local board, subject to Government control which is exercised to prevent extravagance. But Government contribute 2/3rds of the salary of the Chief Officer, Engineer or Health Officer if appointment of any of these officers is approved by it In Bengal, the appointments are made by the boards, subject to rules made by local Government and to approval by the Divisional Commissioner when the salary involved is Rs 100 or more. The Inspector of Local Works is appointed by the local Government. In the United Provinces, the Punjab and Burma officers and servants are appointed by the board itself, subject to rules made by the local Government In Burma, confirmation by the Commissioner is required in respect of appointment to the posts of Secretary and Health Officer and of any other officer specified by the local Government. Appointments of officers of circle boards are made by the boards subject to bye-laws made by the district council In Bihar and Orissa, all appointments, including those of the District Engineers and District Health Officers, are made by the board, but the sanction of the local Government is required to appointments carrying a salary of Rs 300 p m or more. The Inspector of Local Works, as in Bengal, is appointed by the local Government. In the Central Provinces the approval of the local Government is required to appointments to certain posts under the council The officers of local Boards are also appointed by the district council, subject to similar conditions In Assam appointments are made subject to rules or conditions prescribed by the local Government whose approval is required to appointments to certain offices, *e.g.*, that of the Board Engineer and Health Officer. Assessors and Collectors of taxes for the construction of railways and tramways and Inspectors of Local Works are appointed by the local Government. Sec. 119.

(c) *Appointment of committees* —For the convenient and expeditious despatch of business all provincial Acts provide for the appointment of standing and *ad hoc* committees and of joint committees to consider matters of importance to more than one board.

(d) *Disposal of business.*—In Madras the president is the chief executive officer of a board. In Bombay, the president has powers of general control but the chief executive is the Chief Officer. In Bengal, the United Provinces, the Punjab, Burma, Bihar and Orissa, the Central Provinces and Assam, the board is the principal executive though certain powers may be delegated to the chairman.

Functions.—Like municipalities district borads are charged generally with the adoption and promotion of measures calculated to improve the safety, health, comfort and convenience of the people living within their jurisdiction. Such differences of detail as exist between the two classes of bodies arise from the different requirements of rural and urban areas. The principal duties of rural boards are the construction and maintenance of roads, the planting of avenues along public highways, the provision and protection of the water-supply for human use, and of canals, tanks, etc., for irrigation, for the use of cattle and generally

for purposes connected with agriculture, the opening, aiding and maintaining of hospitals, dispensaries and schools, the dissemination of sanitary knowledge, the establishment of rest houses, markets, etc., the management of pounds and ferries and properties and institutions entrusted to them, the inception and control of relief works in time of famine, and the aiding of agriculture by the promotion of agricultural exhibitions or the establishment of model farms. Except in Bengal and Bihar and Orissa, these bodies are also specifically empowered to undertake the construction of light-railways, tramways and ropeways. The maintenance of veterinary hospitals is a duty common to boards in all provinces; the provision of facilities for improving the breed of cattle is specially entrusted to them in some provinces. Vernacular education is their principal charge; but other forms of education are not outside their purview. The training of teachers, school inspection and the granting of scholarships are also included in their duties.

Sources of revenue.—The main tax in force in rural areas for the use of district boards and their subordinate units is the local rate which is levied *on the annual value of land.* In Madras this is known as the land cess and consists of (*a*) a compulsory rate of 6¼ per cent. on the annual rent value levied and (*b*) an optional rate of not more than three pies in the rupee which may be levied separately for the purposes of both district and taluk boards. In Bombay also the cess may be made up of two elements, *viz*, the obligatory rate, which is the same as in Madras and the optional which can be imposed only on the application of the board and may be any multiple of 3 pies, subject to the maximum percentage of one anna in the rupee, or 6¼ per cent. In Bengal the impost is called the road cess, and is levied under the Cess Act of 1880 at a rate not exceeding ½ anna per rupee on the annual value of lands and the annual net profits of mines, quarries, railways, etc., the rate being fixed by the board. In the United Provinces the maximum rate is 6¼ per cent. on estates which are not subject to the Benares Permanent Settlement Regulation, 1795, and 2½ annas per acre in areas subject to the regulation. In the Punjab the maximum rate is 12 pies in the rupee of the annual value of land. In Bihar and Orissa it is levied at the same rate as in Bengal In Assam the maximum rate is one anna and four pies for every rupee of the annual value of land. In the Central Provinces the maximum rate is 6¼ per cent. of the land revenue. In addition special cesses upto the same maximum percentage, *i.e.*, 6¼ per cent. may be imposed with the approval of the local Government for the maintenance of schools and roads.

The other forms of taxation vary. In Madras they include a tax on companies, a profession tax, a tax on houses, and tolls on vehicles of transport, besides a tax on persons entering or leaving by railway any place of pilgrimage. This last tax requires the previous sanction of the Governor General in Council before it can be imposed and has to be earmarked for the improvement of places of pilgrimage. In Bombay the additional taxes are (i) a cess on water rate and (ii) generally, any tax which a local authority may be authorised to impose by any laws

made by the local legislature without the previous sanction of the Governor General in Council. In Bengal the additional sources are receipts from tolls and ferries. In the United Provinces a tax may be levied according to their circumstances and property on persons whose income is at least Rs. 200 per annum, subject to a maximum of 4 pies in the rupee as to the rate, and to an aggregate prescribed by rule. In the Punjab, a district board may impose with the previous sanction of the local Government any tax scheduled as exempted from Section 80-A (3) (a) of the Government of India Act and, with the previous sanction of the Governor General in Council, any other tax. Besides these taxes receipts from ferries may be a source of revenue. In Bihar and Orissa additional sources of revenue are tolls on bridges, fees charged at fairs and exhibitions and for the use of staging bungalows, serais and veterinary dispensaries In the Central Provinces license fees, tolls on vehicles, market fees for the right to expose goods for sale and fees on the registration of animals are leviable. In addition a special occupancy rate may be imposed according to circumstances and property on persons occupying houses, buildings or lands to be applied exclusively to the maintenance of schools. In Assam a license fee on carts and carriages may be levied.

Powers of control of local Governments and their officials over rural boards.

As in the case of municipal boards, the powers of direction, superintendence and control vested in local Governments relate to—

(1) the creation, supervision and abolition of boards ,

(2) the composition of boards, i e., approval or determination of the number of members to be (a) elected and (b) nominated, and (c) regulation of the method of appointment of presidents ;

(3) the regulation of the qualifications of (i) candidates and (ii) voters ;

(4) the modification of the territorial jurisdiction of boards ;

(5) the nomination of a proportion of the members ;

(6) the levying of new and the abolition or the reduction below or increase above prescribed minima and maxima respectively of rates of taxation already in force ;

(7) the scrutiny of budgets ; and

(8) the suspension or cancellation of orders of chairmen or the resolutions of boards to prevent annoyance to the public, danger to human life, or disturbance of the public peace and the adoption of measures to ensure (i) the doing of certain acts, and (ii) the recovery of the expenditure involved.

The power to create new boards and modify the territorial limits of existing ones, to supersede them temporarily or abolish them for incompetence or persistent default of duty or for abusing or exceeding their

c. 38 of Madras Act. c. 126 of Bombay Act. ecs 124 & 126 of Bengal Act. Madras Act, c. 41. Bombay Act, c 127.

powers is enjoyed by all local Governments. The emergent powers referred to in (8) can be exercised by local officials, *viz.*, the district officer or the divisional commissioner. A report of the action taken with reasons in full for the exercise of such powers has to be submitted to Government. Government can, however, require a board to perform any duty imposed on it by the law, in respect of which default has occurred, within a specified time, and, if the order is not carried out, can have it carried out through an agency appointed by itself.

Madras Act, c. 10. Bombay Act, sec. 133. Central Provinces Act, c. 79 (1) and (iii). Bengal Act, ecs. 7 and 8. Punjab Act, c 11. United Provinces Act, c. 6. Assam Act, c 4(4).

In Madras the boards fix in the first instance the total number of members and the proportion of elected members, subject to the legal minimum The local Government has the power to modify or cancel the decision of the board after giving reasons and considering explanations. In Bombay and the Central Provinces the local Government prescribes by rule the number of members and the proportion of elected and nominated members subject to the statutory minima or maxima. In Bengal, the Punjab and Assam the same power is exercised by notification. In the United Provinces the local Government has only the power to nominate 2 members

The qualifications of electors and candidates are prescribed by law in Madras, Bombay, the United Provinces, the Central Provinces and by rules made by the local Government in Bihar and Orissa, Burma, the Punjab, Bengal and Assam.

Sec. 117. Secs. 86-89. Sec. 48. Sec. 161. Sec. 39. Secs 41 and 42.

The powers of rural boards with regard to taxation have already been generally described. As regards the budget, procedure varies. In Madras each district board has to submit its budget to the local Government which can require modification of it in case of failure to *provide for the due discharge of liabilities in respect of loans or for the* maintenance of a working balance; and, if a supplementary budget has to be made in the course of a financial year, changes with regard to provision for debt require Government sanction. In Bombay, the local Government have retained no power of intervention. In Bengal, the power of revision and approval is vested in Commissioners. In the United Provinces, the local Government can require the revision of a district board budget which must be submitted to it for approval, so as to ensure the maintenance of a prescribed balance, or the appropriation of a Government grant to the purpose for which it was allotted, or adequate provision for the repayment of loans, or for any other object for which the board is legally liable. In the Punjab, the power of approval is vested in the Deputy Commissioner and the final power of revision in the divisional Commissioner. In Burma, the position is practically the same as in Bengal, the Commissioner being the approving and revising authority, and the sanction of the local Government is required only to the reduction of the standing balance prescribed by rule. In the Central Provinces, maintenance of the standing balance

prescribed by rule is enjoined by the law; but the approval of the local Government to a budget estimate is required only if the board is in debt. Sec. 56.
In Assam, the position resembles that in force in Bengal and Burma. Sec. 21.

In all provinces the audit of the accounts of boards is conducted by an agency appointed in this behalf by Government.

In addition, local Governments make rules to regulate the conduct of elections, the procedure to be followed by boards in the transaction of business, and similar other formal matters.

C.—Village authorities.

General.—The smallest units of local self-government in rural areas are called (*a*) village panchayats and (*b*) union boards in Madras; village panchayats in Bombay, the United Provinces, the Punjab and the Central Provinces; union boards and union committees in Bengal and Bihar and Orissa and village authorities in Assam

In 1926 there were 9,747 unions and village panchayats, *i e*, 1,417 in Madras; 227 in Bombay; 2,419 in Bengal; 4 772 in the United Provinces, 323 in the Punjab. 80 in the Central Provinces, 270 in Bihar and Orissa, and 239 in Assam

The following table gives (1) the total number of villages in each province, (2) the number of village authorities, if any, in existence in 1926 and (3) the proportion of (2) to (1):—

Province	No. of villages (in British territory)	No. of village authorities	Proportion of village authorities to the total number of villages
Madras	52,108	1,417*	027
Bombay	26,528	227	·008
Bengal	84,981	2,419†	028
United Provinces	104,347	4,772	045
Punjab	34,119	323	0094
Burma	16,334	‡	‡
Bihar and Orissa	84,814	270§	·0031
Central Provinces	39,024	80	·0020
Assam	30,957	239	·0077

In Madras union boards are a pre-reform creation. Provision for their establishment was, in fact, made in the Madras Local Boards Act, 1884 (Act V of 1884). Village panchayats are also a pre-reform creation, but provision for creating them was made in the Village Panchayat Act, 1920 (Act XV of 1920), which was passed after the issue of the Government of India resolution of 1918. Similarly, in Bombay, village panchayats are the creation of the Bombay Act IX of 1920. The Bengal union boards are now governed by the Bengal Village Self-Government Act, 1919, (V of 1919), which amended Act III of 1885. In the United Provinces village panchayats are governed by Act VI of 1920, and in the Punjab by Act III of 1921—a post-reform measure. In Bihar and Orissa the new union boards come under the Bihar and Orissa Village Administration Act of 1922, which amended the Bengal Local Self-Government Act of 1885. In the Central Provinces provision for the creation of village panchayats was made by the Village Panchayats Act of 1920, while the Act which regulates their creation, powers and functions in Assam is the Assam Rural Self-Government Act of 1926, which amended the Assam Local Self-Government Act of 1915.

Composition.—The effect of the Madras Local Boards Act, 1920 (Act XIV of 1920), on the composition of union boards was that the number of elected members of union boards was fixed at a minimum of ¾ths, the president was made elective, and the board was given power to appoint standing and other committees. The village panchayats established under Act XV of 1920 in this presidency are elected in the manner prescribed by the local Government and the president is elected by the panchayats In Bombay, also, the members of village panchayats are elected, the only *ex-officio* member being the local revenue Patel. The office of president is elective. The Bengal Village Self-Government Act of 1919 did not alter the legal provision made in this behalf in the earlier Act of 1885. The practice, however, of the post-reform Government has been to increase the number of elected members. The chairman is elected and the election is not subject to the approval of the district board. In the United Provinces the members of a village panchayat as well as the sarpanch are appointed by the Collector of the district. In the Punjab both the members and the sarpanch are elected in accordance with rules made by the local Government. In Bihar and Orissa all members of the union boards and village panchayats are elected. The president of a union board is either elected by the members or appointed by the chairman of the district board, and, if he is a member of a panchayat he is himself sarpanch. Otherwise, the panchayat selects its own sarpanch. In the Central Provinces the members of village panchayats are partly elected. Every resident Mukadam (a village official) is *ex-officio* panch. The chairman is elected. In Assam, the village authorities and their chairmen are all elected.

The electorate.—In Madras every male person resident in the village who has completed his 25th year is entitled to vote. In Bombay, the

age of majority is 21 and there is an additional qualification which enforces residence in the village for 3 months before the publication of the voters' list. As in Madras, only men are eligible. In Bengal the restrictions as to sex and the age of majority are the same as in Bombay. In addition, an elector must be paying Re 1 as cess. These qualifications are enforced in areas in which the Bengal Village Self-Government Act of 1919 operates. In areas where the older Act of 1885 is still in force, the payment of a road cess or a chaukidari tax to a minimum amount of Re. 1 during the year preceding an election constitutes the fiscal qualification for eligibility as a voter. In the Punjab every male British subject or subject of an Indian State of sound mind and not less than 21 years of age residing in the village is entitled to vote, if he is a voter for a district board election or assessed to the chaukidari tax. In Bihar and Orissa the age of majority is 18. The other qualifications are ownership or occupancy of a dwelling house within the union or panchayati circle, together with the payment of any sum as chaukidari or union tax This applies to areas in which the Village Chaukidari Act of 1870 and the Chota Nagpur Rural Police Act of 1914 are in force. In other areas qualifications are prescribed by the local Government In the Central Provinces the electorate is composed of all adult persons residing or holding property in the panchayati circle In Assam, every male person of sound mind over the age of 25, who is a resident in the village is entitled to vote. Only the Central Provinces appear to allow non-purdanashin women to become voters. All the other provinces, as has been indicated, confine the franchise to males

Qualifications of candidates.—In Madras all persons qualified as voters are eligible for election as panchayatdars In Bombay, non-residence, conviction by a criminal court to a term of imprisonment exceeding 6 months, or removal from office on account of unfitness or persistent remissness in the discharge of duties during a period within 5 years from the date of election, constitute disqualifications from membership In Bengal, Bihar and Orissa, and Assam, the qualifications for membership are identical with those prescribed for voters, except that in Bengal the person must also be able to read and write, in Bihar and Orissa he should not be less than 21 years of age and in Assam conviction or imprisonment for more than one month for an offence involving moral turpitude, or for bankruptcy or insolvency or requirement to furnish security for good behaviour are disqualifications For union boards in Bengal the condition of literacy is not prescribed In the Punjab one panch must be literate. All the others, provided they are not less than 25 years of age, must be either lambardars or sarbarahkars or persons who have paid not less than Rs. 5 as local rate on land of which they are recorded as owners, or who pay the district board not less than Rs. 10 per annum in the form of any other cess or rate or tax. Conviction for an offence implying a defect of character and insolvency constitute disqualifications. In the Central Provinces ownership of houses and proprietorship or tenancy of land are additional qualifications required of candidates. Also candidates must not be less than 21 years of age.

Dismissal from public service, conviction by a criminal court to imprisonment exceeding 6 months or the holding of a share or interest in contracts with or on behlaf of panchayat are disqualifications.

The executive.—The executive is the panchayat itself. But in Madras officials of a union board are appointed by the president subject to rules made by the local Government. In Bombay, the sarpanch appoints all officials other than the secretary who is appointed by the panchayat.

Functions.—The functions of village panchayats and union boards are more or less similar to those entrusted to their larger prototypes in the rural as well as the urban sphere. Village communications, village lighting, village conservancy, village works of public utility, such as the sinking and repairing of wells, and village protection are their principal duties in Madras. The district or taluka board within whose jurisdiction the panchayat has been constituted may, at any time, with the panchayat's consent, delegate to it some of its own faunctions, of which the establishment and maintenance of elementary schools, and the provision of medical relief are the most important. The local Government may also, subject to conditions, transfer to a panchayat the management, protection and maintenance of village forests, or any village irrigation work. The Bombay Village Panchayat Act, 1920, makes similar provisions In Bengal, union boards have the additional responsibility of securing the due performance by dafadars and chaukidars of the duties imposed upon them. The union committees appointed under the Bengal Act of 1884 are agents of and subject to the control of the district board, but the nature of their functions does not differ materially from that of other bodies of this class. In the United Provinces the local Government may also call upon a panchayat to assist officers of Government in the performance of their duties, and, to make local inquiries on the requisition of a magistrate or a revenue officer. Further, they have certain judicial functions. In the Punjab, the local Government may impose cetrain duties of police on village panchayats. In the Central Provinces the obligation to co-operate with the officers of Government is prescribed. In most provinces, provision for the delegation of functions to village authorities by the district boards, or, in some cases, also by officers of Government is made on the same lines as in the Madras law.

Powers of control of local Governments and their officials over village authorities—The powers of control over union boards and panchayats vested in local Governments are generally similar to those enjoyed in respect of municipalities and rural boards. The main difference is that in some provinces a greater measure of control is vested in the district officer or commissioner. In all provinces the number of members constituting a panchayat, their method of election and the removal of disqualifications for membership are regulated by local Governments by rules or otherwise. Powers of suspension or abolition vest in the local Government in Madras, Bombay, the Punjab, Bihar and Orissa, Central Provinces, and Assam. In Bengal and the United Provinces, the commissioner and the district officer respectively can exercise this power.

Appointment and removal of servants is regulated by rules framed by the local Government in Madras, the United Provinces, and Assam. In the Punjab, only the election, suspension and removal of the panch and sarpanch are subject to rules made by the local Government In Bombay the local Government only has power to hear appeals against reduction of the number or the emoluments of panchayat employees. In Bangal and Bihar and Orissa, such powers of control over establishment as are entrusted to an outside authority vest in the district officer Powers of inspection and examination are retained in most provinces and entrusted either to special officers or to the district magistrate or the divisional commissioner, Bombay is the only exception Local Governments also have powers to make rules to regulate such matters as the transfer of functions to these bodies, the preparation and submission of budgets, audit of accounts, procedure for the conduct of meetings. Assessment and collection of such taxes as these village institutions are permitted to levy under the law is also subject, in most provinces, to Government rules or to Government approval

D.—Representation of minorities

The provision made by the various local Governments for the representation of minorities or classes of the community, whether by nomination or by the creation of separate electorates, is summarised in the following statement. In Bombay and the United Provinces provision exists for the separate election of Muhammadans to both municipal and district boards In Assam such provision is confined to local or district boards, and does not extend to municipalities In the Punjab the local Government can prescribe the number of representatives of each class in municipalities. Provision also exists for the sparate representation of Muhammadans in the Calcutta Corporation In Madras, the Central Provinces, Bihar and Orissa and Bengal excluding Calcutta, the representation of minorities is secured by nomination On the Rangoon corporation the proportion of members of each community or interest is fixed

Statement showing means of representation of minority communities on municipal and rural boards in different provinces.

Madras city . .	Representation of Muhammadans and other minorities is secured by nomination	Section 5 (f) of Madras City Municipal Act, 1919, as amended upto date.
Madras district municipalities	Ditto .	Section 7 (3) of Madras District Municipalities Act, 1920, as amended upto date.
Madras local boards .	Ditto .	Section 9 (5) of Madras Local Boards Act, 1920, as amended upto date.

Statement showing means of representation of minority communities on municipal and rural boards in different provinces—contd.

Bombay city . .	There are no separate special constituencies for representation of Muhammadans and other minority communities. Inequalities of representation are corrected by nomination	....
Bombay district municipalities.	Governor in Council prescribes by rules the number to be elected *inter alia* by sections of inhabitants. Model rules provide for separate election by Muhammadan and non-Muhammadan wards.	Section 11 (*c*) (ii) of Bombay District Municipalities Act, 1901, as amended upto date
Bombay city municipalities (major towns).	Government has power to make rules prescribing the number of wards to be constituted for Muhammadans, non-Muhammadans and depressed classes in each Municipal borough and the number of councillors to be elected by each	Section 10 (1) (*e*) of Bombay City Municipalities Act, 1925.
Bombay local borads .	Government has power to secure by nomination representation of depressed classes if and where necessary Rules provide for separate election by general and Muhammadan constituencies	Section 5 (4) of Bombay Local Boards Act, 1923, as amended upto date.
Calcutta . .	[illegible] tion	Section 5 (*b*) (ii) of Calcutta Municipal Act, 1923, as amended upto date and schedules III and IV.
Bengal district municipalities *Bengal local and district boards.*	Representation of Muhammadans and other special communities on local *bodies is secured by nomination.*	....
United Provinces municipalities.	The local Government makes provision by rule for the special representation of classes of the community such as Muslims and non-Muslims	Section 11 (1) (*b*) of United Provinces Municipalities Act, 1916, as amended upto date.
United Provinces district boards.	Proportion of elected members to be elected by Muslim electorates is laid down by law.	Sections 4 and 5 of United Provinces District Boards Act, 1922, as amended upto date
Punjab municipalities	The local Government has power to prescribe by rule the number of representatives of each ward or class.	Sections 12 and 240 (1) (*c*) of Punjab Municipalities Act, 1911, as amended upto date
Punjab district boards	The mode of appointment or election of members is determined by rules made by the local Government.	Sections 11 and 55 (1) (*d*) of the Punjab District Boards Act, 1884, as amended upto date.

Statement showing means of representation of minority communities on municipal and rural boards in different provinces—concld.

Rangoon municipality	There is a fixed proportion of members of each community and interest	Section 7 and Schedule I, Chapter I, Rangoon Municipal Act, 1922, as amended upto date
Burma municipalities	The local Government has power to determine the number of members and manner of their election, so as to provide, among other things, for the representation of classes of inhabitants	Sections 7 and 8 of Burma Municipal Act, 1898, as amended upto date
Burma district councils and circle boards	There is no specific provision in law for the representation of Muhammadans and other communities, but rules provide for separate representation of different communities It is possible for such classes to be represented by nomination.	Section 7 of Burma Rural Self-Government Act, 1921, as amended upto date.
Bihar and Orissa municipalities Bihar and Orissa district borads.	Representation of minorities and special interests is secured by appointments made by local Government as far as possible	Section 13 (1) (*b*) of Bihar and Orissa Municipal Act, 1922, and section 8 (2) (*a*) of Bihar and Orissa Local Self Government Act, 1923, as amended upto date
Central Provinces municipalities Central Provinces district councils and local boards	Local Government has power to make rules regulating the mode of election, selection and nomination of members But there are no separate electorates or reservation of seats for Muhammadans or minority communities on municipalities or rural boards Deficiency in the representation of minorities is made up by nomination.	Section 10 (4) of Central Provinces Municipalities Act, 1922, as amended upto date Section 79 (1) (iii) of Central Provinces Local Self-Government Act, 1920, as amended upto date
Assam municipalities .	Elected members are elected by joint electorate of all communities Government may correct inequalities by nomination	Section 296 (2) (1) of Assam Municipal Act, 1923, as amended upto date.
Assam local boards .	Muhammadans and non-Muhammadans form separate electorates Rules require that claims of castes, communities and interests not adequately represented by elected members should be taken into consideration in appointing nominated members	Section 4 (2) of Assam Local Self-Government Act, 1915, as amended upto date

PART III.—WORKING OF LOCAL BODIES.

The following account of the working of representative institutions in the sphere of local self-government is based mainly on annual reports issued by provinces, and on special reports submitted to the Government of India in 1923, 1924 and 1927. It does not pretend to be complete, or to be founded on first hand observation

A.—MUNICIPALITIES.

In *Madras* two factors are said to have affected local self-government during the quinquennium ending 1926. The first was the increase of non-official membership and control; the second finance. The first factor is reported to have resulted in a quickening of civic consciousness. The electorate showed this in a steady increase of the percentage of voters who cast their votes in contested elections. In 1920-21 the figure was 58·3 per cent in 1925-26, the percentage was 60 or above in 64 municipalities. The financial feature of the period was the prevalence of high prices which restricted both the scope of municipal activity and the ability of the local Government to enlarge the measure of their financial assistance. Nevertheless steady, if not striking, progress was made in the domain of medical relief and education. The number of municipal hospitals and dispensaries rose from 91 in 1920-21 to 101 in 1925-26, the number of out-patients treated at these institutions from 1,887,897 to 2,150,802. There was also increase in the number of midwives maintained for maternity work. The number of boys in elementary schools rose in the same period from 48,039 to 74,670; of girls from 16,490 to 28,218 The number of schools maintained for depressed classes or in their interest increased from 160 to 192. By 1924-25 11 municipalities had taken up the question of town-planning. Incidence of taxation per head of population living within municipalities showed an increase within the period, and ordinary receipts exceeded ordinary expenditure The main complaints were that the general percentage of the revenue collected to the demand was deteriorating, that municipal accounts were not being properly kept, and that resort to fresh taxation to improve the amenities of civic life was a duty which few boards cared to face

Like Madras, *Bombay* reports a growth of civic consciousness Interest in elections increased; attendance of members at meetings was satisfactory. Men whose one object is promotion of the public weal are said to be coming forward to play their part in civic affairs. Two branches of administration, education and public health, which profoundly affect the life of the community, evoked both interest and endeavour. Expenditure on education increased from 30 to 43 lacs; on public health and cognate conveniences such as drainage, water works, etc., from 70 lacs to 1·1 crores Even smaller municipalities showed a tendency to push on with schemes of drainage and water supply. The larger municipalities, such as Karachi or Ahmedabad, financed big projects of this nature by means of loans raised in the open

market at a reasonable rate of interest, viz., 5 per cent. per annum. They also did not hesitate to resort to additional taxation for the service of these loans. For primary education, some municipalities raised more money by taxes. The incidence of taxation increased from Rs. 3-11-5 in 1920-21 to Rs. 5-7-6 in 1924-25 and the yearly revenue proved adequate to meet existing standards of expenditure The main defects of financial administration were reported to be neglect and delay in the disposal of audit notes and faulty and perfunctory collection of revenue. Thus arrears of revenue which aggregated Rs 2 96 lacs in 7 municipalities in 1916-17 rose to 11·37 lacs in 64 municipalities in 1924-25. The defect of financial policy is said to be reluctance to resort to additional taxation which is vital to the improvement of civic amenities.

The psychological faults of the electorate are reported to be loyalty to caste rather than conviction and allegiance to caprice rather than reason. Members of committees are said to have been swayed no less by considerations of community and caste principally in Sind and in the Deccan Votes are stated to have been cast at elections for caste candidates. Members of committees it is said favour men belonging to a particular community for appointments, and are liable to be partial to them after appointment if things go wrong The example is given of eleven school boards where teachers were selected not for competence but because they belonged to a particular community.

In the *United Provinces*, according to the Governor in Council, there has been marked deterioration in municipal administration In some municipalities, it is said, meetings are called to discuss matters of comparatively trivial import, and adjournments are numerous owing to prolixity of debate. The spirit of caste and communal or political partisanship is often prominent. Hindu and Muslim cliques are not unknown Roads maintained by municipalities are reported to have progressively deteriorated The water supply was in a precarious condition in many areas Bad organisation of the sanitary staff was it is reported, reflected in defective sanitary administration in several places. Education alone is said to have roused interest and activity

Financially, 1925-26 marked an improvement During the years immediately preceding, the tendency was for recurring expenditure to outstrip recurring income, the excess was met from balances. Direct taxation has not grown in popularity There is said to be a tendency to revert to octroi. Accounts were only tolerably kept The percentage of collections, though slightly improving only touched 79·93, and was lower than in either Bengal or Bihar and Orissa. The record of the larger municipalities is described as " not unencouraging".

There have been two elections since the inception of the reforms. Both are reported to have been keenly contested The general election of 1922 was fought on political lines because the Swarajists made a bid to capture the municipalities. In 1925 the elections turned largely on communal and personal issues

In *Bengal* municipalities outside Calcutta seem to have taken great interest in public health. The question of improving the water supply received attention. Preventive measures to check the spread of epidemic diseases, of which cholera and malaria are the more formidable, were a common feature of municipal administration. Municipalities are reported to be beginning to utilise their power under the Food Adulteration Act, to have foodstuffs like ghee and milk examined in order to ensure a pure supply of these articles. In the history of administration, there is little else of special importance to record. The incidence of taxation showed a steady increase, from Rs 2-11-7 in 1920-21 to Rs. 3-1-5 in 1925-26. But the increase is said to be inadequate to meet the demands of a policy of real civic development. For this, fresh taxation is required; and municipalities in Bengal are said to be no more eager than municipal bodies elsewhere in India to face the task. The tendency to treat audit notes with indifference extends also to this presidency. According to the Bengal report for 1925-26 replies to 9 references made by the audit department were received after a year; while in 77 cases the peric [illegible] tion to demand is describec [illegible] is typical of the province, [illegible]

Elections are said to have aroused interest. The annual reports speak of a high percentage of voters going to the polls. Thus in 1923-24 in Kalna town 75 per cent. of the electors voted; in 1924-25, the attendance in one town was 80 per cent; in 1925-26, North Barrackpore recorded the remarkable figure of 85 per cent. It is reported that in Bengal unsuccessful candidates frequently resort to civil courts and take out injunctions against their successful rivals. The result is interference with municipal administration. Not a small proportion of meetings—the figure varies, but was as high as nearly 1 in 8 in 1924-25—fail for want of a quorum.

In the *Punjab*, also, the figures reflect a growing interest in elections on the part of the electorate. Thus in 1923-24, elections were held in 27 municipalities, 61 per cent. of the seats were contested and 50 per cent. of the registered votes were polled. In 1924-25, 418 seats out of 270 were contested and in one municipality, *viz.*, Kasur, 80 per cent. of the electors voted. In 1925-26 general elections were held in 16 municipalities, and about 70 per cent. of the electorate participated. But the expansion of representative institutions is reported to have given new scope and direction to communal activity. Municipalities have not escaped the influence of communalism. The redistribution of seats among communities according to their population as modified by their voting strength adversely affected Hindu and Sikh representation, and caused resentment among both these communities. The removal of official control from within is stated to have widened the arena for the clash of communal rivalry and party factions. This has not been without its effect on administration, which, it is said, has suffered, especially by the elimination of Hindu members with long experience in municipal affairs. But there were also municipalities which were

free from these unfortunate influences, which worked only for civic good, and in which the withdrawal of official control only had the effect of stimulating the interest of the non-officials. In 1924-25, the attendance of members was reported to have been satisfactory. Lahore and Amritsar are said to have shown originality and initiative in the conduct of affairs. Both maintained night-classes for labourers, and Amritsar started a campaign of education in hygiene for the populace Mooltan introduced compulsory primary education and other municipalities followed suit. Expenditure on public health had increased from 48·65 lacs in 1920-21 to 73·13 lacs in 1923-24. Schemes of drainage, water works and electrification were receiving attention. Municipal accounts, however, were said to be defective, and the management of municipal properties not sufficiently organised or energetic to make the properties properly remunerative

The reports from *Bihar and Orissa* also speak of deterioration. This is attributed directly to action taken in the spirit of the reforms The withdrawal of internal official control from boards is said to have been one of the responsible factors; the hold which the non-co-operation movement acquired over the province the other The inexperience and ignorance of the increased electorate is reported to have provided non-co-operators with their opportunity The result is said to have been defiance, in many cases, of Government Centralisation of Government control is described as having made interference difficult. Local officials have only advisory functions, and their advice, it is said, was often disregarded The ultimate dependence of the minister on the politically minded is said to have weakened the effectiveness for practical purposes, of his powers of control. The disturbing influence, it is said, is not confined to the political factor Even in fairly well-administered boards, caste and communal rivalry are considered to have baneful play. The electorate is regarded as being, on the whole, apathetic, and to be responsive primarily to the appeal of communalism

Concrete examples of a fall in the level of administrative efficiency are stated to be unsatisfactory assessment and collection of revenues, a high percentage of remissions, slack supervision over the staff, neglect of conservancy and roads In 1925-26 the liabilities of 10 municipalities are reported to have exceeded assets owing wholly, or in part, to the failure of the administration to collect their dues. In 1922-23, cases of misappropriation of public money were discovered in 6 municipalities.

The inclination to resort to new taxation, or even to raise rates of taxation now in force to the statutory maxima, is said to be absent; and continued stagnation is predicted as the inevitable result of financial timidity and inertia.

In the *Central Provinces* the widening of the electorate is said to have stimulated interest in municipal elections. For instance, the reconstitution of 8 municipalities under the Act of 1922 brought a large number of electors to the polls. The attendance of voters is said to have averaged

50 per cent. A similar stimulus might be said to have been supplied by the policy of emancipating committees from internal official control which was started earlier. Some committees were not free from political bias, but, on the whole, politics did not appreciably influence the policy or administration of municipal bodies. Relations with the officials of Government remained friendly. Education and public health claimed the attention of the popular element, and some municipalities are reported to have introduced compulsory primary education, and to have assumed control of public dispensaries. They have also shown a desire to take charge of their own water and other public works. Generally they are described as not being averse or indifferent to schemes of development. The real obstacle to expansion would appear to be the narrow difference between income and expenditure which has not always been on the credit side. The impact of the more democratic constitution of the boards on the administration is reported to have affected efficiency by making the exercise of authority over the staff less impartial, and the collection of demand less effective and prompt.

The *Assam* reports pay tribute to the interest taken by municipal commissioners in the work. Average attendance at meetings was well over 50 per cent. Party feeling hampered administration in some places, but instances of this are said to have been rare. The defects of administration were said to consist in slack supervision, indifferent observance of account rules, delay in disposal of audit notes. Finance is described as the most formidable bar to progress. In 1920-21, the financial position of most boards was said to have been unsound. In 1925-26, the income was 9·5 lacs, and expenditure 9·25 lacs. The change was not sufficient to justify an access of optimism. The need for resort to increased taxation is, therefore, frequently emphasised in the annual reports. Without fresh taxation, it is pointed out, essential civic requirements, such as improved conservancy, better water supply, more effective lighting, or a wide dissemination of elementary education cannot be satisfied.

B.—Rural boards.

Madras.—In Madras Presidency, education and Public Health are reported to have claimed special attention from district and taluk boards during the period 1920-21 to 1924-25. Both elementary and secondary schools showed a steady increase in numbers and enrolment. The number of elementary schools for boys and girls rose from 8,240 to 10,947, that of secondary schools from 115 to 163. The corresponding increase in the number of pupils was 185,000 and 10,000 respectively. The chief event in the history of public health administration was the introduction, with government aid, of a complete and self-contained sanitary staff in each district which is stated to have worked with sustained energy. The boards also maintained a number of hospitals and dispensaries—the figure was 415 in 1924-25—which treated, on an average, over 4 million out-patients in a year. The boards maintained more than 25 thousand miles of roads at a cost, which in 1924-25 amounted

to Rs. 103·81 lakhs. The financial position of these bodies, however, is said to have been unsatisfactory except towards the end of the period under review, expenditure having been in excess of receipts. In 1923-24, income exceeded expenditure, and 1924-25 was a year of equilibrium. Audit reports are stated to have disclosed an unsatisfactory state of affairs in some boards. Generally the record of administration would appear to have been one of steady and useful progress.

The following figures showing the percentage of votes polled in circles or wards where elections were contested may be of interest. They show, on the whole, a steady increase during the last 3 years in the proportion of electors actually taking part in contested elections :—

Year	Taluk boards.	Union boards (or Panchayats)
1920-21	32 03	37 04
1921-22	33 17	29 19
1922-23	35 7	38 5
1923-24	29 9	31·8
1924-25	44 4	48·4
1925-26	52·1	50 4

NOTE.—Election to district boards is made from among the members of taluk boards.

Bombay.—The Bombay reports notice with gratification the keen interest shown in their duties by the non-official presidents and vice-presidents of district boards The attitude of ordinary members is said to have been less encouraging and that of the electorate variable. The 1925-26 report states that in some districts the interest shown was keen; in others the elections were run on communal lines. Work is reported to have been carried on satisfactorily, on the whole, but the reluctance of these bodies to utilise their existing financial resources and powers of taxation with enterprise and courage is adversely commented on. The tendency to meet capital expenditure on road construction out of revenue is cited as an instance of lack of enterprise; the unwillingness to use the powers of taxation conferred by the Local Boards Act of 1923 as an example of want of courage. The consequent inelasticity of revenues is made the basis of the comment that without an active determination to enlarge revenues, progress in the domain of rural self-government in the sense of improvement of the amenities of life, *e.g.*, provision of better roads, better sanitation, and of better schools need not be looked for. The increase in expenditure during the quinquennium is reported to have just sufficed to give teachers an increased wage, and to meet the higher cost of material and labour

required for public works. The increase in revenue, whether derived from taxes or from government grants, which has enabled boards to meet the rise in expenditure has evidently left no margin for expansion.

Bengal.—The Bengal reports also pay tribute to the keen interest, sense of duty and good work of non-official chairmen of district boards and of their colleagues generally. The liberalisation of these bodies is reported to have increased their popularity by enlarging the field of service open to public spirited non-officials. Special attention is said to have been devoted to the expansion of medical relief, the improvement of the water supply, and the encouragement of primary education. In the domain of public health, the record of progress shows an increase in the number of dispensaries, the formation of anti-malaria societies, the inauguration of an active campaign against Kala Azar, the dissemination of simple precautionary information about cholera, and the distribution of medicines and disinfectants during outbreaks of the disease, the subsidising of private doctors to settle in rural areas. Appreciation of the need of improving the water supply is stated to be widespread, and efforts made in this direction are evidenced by the increase in expenditure on maintenance and new works from 5·8 lakhs in 1920-21 to 9·9 lakhs in 1924-25, most of the money being provided by government. The number of schools is reported to have risen in the same period from 37,871 to 41,490. Vocational and technical education is also said to have claimed attention. For instance, Mymensing maintained a school for specialising in bamboo work; and there were technical schools at Midnapore and Khulna. The main complaint, which is not peculiar to Bengal, is of the inadequacy of the existing revenue to provide for the growing needs of a population of 42 millions scattered over 70,000 square miles, and of the reluctance of local bodies either to raise loans or to utilise their powers of taxation. For instance, in 1919, a conference of representatives of district boards is reported to have been opposed to increasing the cess.

United Provinces.—Until 1st February 1923, when the new District Boards Act came into force, district boards in the United Provinces were governed by the Act of 1906 The popular complaint against the older boards was that they were too much under official control. The tahsil committees appointed by the boards were considered to be of little value. According to the Commissioner of Fyzabad, it was difficult to infuse any enthusiasm and sense of responsibility into them, partly owing to the fact that literate members could not easily be found. The record of the old boards was described as one of substantial achievement. They had expanded facilities for education, organised medical relief, created veterinary departments for the care of cattle in rural areas, and paid careful attention to such minor, but, to the villager, important matters as pounds, ferries and road-side arboriculture. In the sphere of sanitation they had not made much headway; since 1920-21 reports on the condition of metalled roads had become gloomy, and the financial condition of most boards was said to be discouraging. In 1920-21 all boards showed deficits on a comparison of normal receipts and expendi-

ture. In 1921-22 aggregate expenditure was in excess of the aggregate income and boards met the deficit from accumulated balances. The new boards which came into being on a wider franchise, with a larger non-official membership and under non-official chairman were heirs to this cramping heritage, though the law gave them power to levy a tax on circumstances and property. According to the report for 1921-25, only one district board had made use of this power. Elsewhere the two sources of revenue namely Government grants and the land cess were not added to, but expenditure was kept below the income. Objectively the new boards are reported to have shown no advance on the old. Administration is reported to have been carried on in tolerable fashion. Primary education received more interest. The control of local metalled roads was taken over by the boards from the Public Works Department. Two districts were brought under the operation of the District Health Scheme which aims at providing a local organisation for grappling with local health problems. The only notable features are said to have been an increase in the attendance of non-official members, more meetings and, in some cases, longer and less fruitful debates, and a tendency to interfere in details which is said to handicap the boards' executive officials The new non-official chairmen are stated to have maintained their authority and the majority of boards did not let extraneous political issues distract their proper business. According to the report for 1925-26, the elections, in most cases, were keenly contested.

Punjab.—In the Punjab de-officialisation has, so far, taken the form of an increase of elected members ; only two district boards have asked permis[illegible]
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the reconstitution of these bodies with a larger elected element is reported to have increased public interest in their activities. Most boards meet regularly once a month, and the practice of appointing sub-committees for expeditious despatch of business is extending Boards have not been slow to raise local rates to the maximum permitted in 1924-25 all except two had done so Some boards have also introdueed a tax on profession or *haisiyat* But the income from these sources, though it has increased, has not grown sufficiently to meet the expanding wants of the community or the demands of progress The local Government are reported to be contemplating a policy of assistance for improving medical relief in rural areas, and for stimulating the communications of the province. This has already been done in the domain of elementary education, expenditure on which rose from 44·41 lacs in 1920-21 to 62·18 lacs in 1924-25. Enthusiasm among boards for educational progress is said to be marked The number of students has increased and has been balanced by an increase in the number of teachers. But though one or two districts have shown keenness and made interesting experiments, generally facilities for medical relief are stated to have made little headway. Reports commend the energy of non-official chairmen and condemn the many instances of

embezzlements and irregularitie by district board employees disclosed by audit.

Bihar and Orissa.—In Bihar and Orissa public health and elementary education are reported to have absorbed the interest of district boards. Gaya had an intensive sanitation scheme in operation which aimed at reducing mortality in a limited area by the employment of a large medical staff. The recommendation of the Legislative Council to establish one dispensary in the area included within the jurisdiction of each police station was adopted as an ideal, and endeavour was made to work up to it. In 1924-25 the number of these institutions maintained by district boards had risen to 319. In 1920-21 the number was only 178. In some districts sanitary officers imparted elementary instruction in hygiene to villagers and advised them how to take simple precautionary measures during epidemics. The report for 1924-25 speaks of prompt measures taken to combat an outbreak of cholera. Expenditure on education had risen during the same period from 18·95 to 29·21 lakhs. The increase was due to both improvement of the salaries of teachers and increase in the number of schools. In Saran free primary education was in force in all schools. Most boards continued to award scholarships for medical, engineering and other technical education. In the domain of public works, increase of expenditure barely kept pace with the rise in price of material. The enlargement of the unofficial element in, and of unofficial control over, district boards did not affect the regularity of meetings. Most boards met with the frequency prescribed by [illegible] showed a tendency to become protracted. The average [illegible] 1924-25 report [illegible] In the Tirhut [illegible] divisions, the [illegible] resulted in the subordination of administration to politics, but, according to the latest report, in some of these areas the electorate had been alienated by the results of this tendency. More common defects are said to be interference with employees, and neglect of expert advice. But the chief obstacle to advancement of amenities and standards is said to be the state of the finances. For, apart from Government grants, the income tends to remain stationary, and the capacity of Government to make grants is limited.

Central Provinces.—In the Central Provinces, where like Assam, Government contributes nearly half the revenue of district councils, the [illegible] beginning to be exercised. Nagpur had imposed a cess on the ginning and pressing of cotton. Damoh was levying an additional cess on land. In Berar, a special school rate was in force. District councils were assuming control of dispensaries and Government had transferred to a number of boards the duty of maintaining public works situated within their jurisdiction. The results of the experiment were said to be con-

flicting. Some district councils had risen equal to the responsibility; some had failed. There was complaint of lack of proper organisation to discharge the responsibilities connected with public works. Expenditure on education had risen steadily from 1920-21, and in 1924-25 amounted to 25·49 out of a total expenditure of 65·39 lakhs; but the result measured in terms of increase of pupils was considered to be unsatisfactory. The keeping of accounts temporarily deteriorated but was reported to have improved. The need to give the servants of district councils security of tenure and, generally, to define their conditions of service was emphasised Attendance of non-official members of district councils rose from 32 per cent. to 54 per cent. under the more popular constitution established by the Act of 1922; but the interest shown by the electorate is stated to have been feeble. Relations between district councils and district officers are reported to have remained cordial throughout the period under review.

Assam.—Assam reported the same absence of advance owing to inelastic finances. The policy of placing district boards on a popular basis was steadily followed. The prescribed number of meetings was held by the majority of boards. According to the provincial report for 1922-23, the non-official chairmen generally proved to be wise and careful administrators, and equal to their duties. Though the first results of the enlarging of the non-official element and the reduction of official control were said to be impatience of official control and the growth of factions, the last report speaks of a dawning realisation of responsibility. The 1924-25 report spoke of useful work that was on the whole accomplished. But the main conclusion was that with their existing income, more than half of which consisted of grants made by the provincial Government, the boards were finding it difficult even to maintain present standards, and that advance was impossible without resort to fresh taxation. And, as in other provinces, popular control is said to have reduced the strictness of supervision over accounts, and to have increased the reluctance to treat with severity subordinates found to be guilty of fraud.

C.—Village authorities.

Reports on the working of the smallest units of rural local self-government are not complete Such accounts as are available show a chequered history. In Bombay village panchayats were reported in 1923-24 to have proved a failure. The main causes of failure were said to be the unpopularity of direct taxation, the reluctance of candidates to stand for election, the inexperience of those elected, the inadequacy of funds, and the want of power to deal with petty civil and criminal cases. The general verdict was that the villagers viewed with apathy these institutions which could only be regarded as being in advance of public opinion. In Bengal, on the other hand, village self-government is reported to have shown vitality and done useful service in spite of the opposition which village committees received at the hands

of non-co-operators. The extension of medical relief, elementary education and the provision of a wholesome water supply are stated to have engaged attention. The measure of their utility would appear to have been limited mainly owing to straitened finances--in 1924-25 only a sum of Rs. 4 lakhs is said to have been available for expenditure on communications, water supply, etc.—and in some instances by reason of the existence of factions and of party strife. The reluctance to raise revenue by resort to fresh taxation was not less marked in Bengal. In Bihar and Orissa, union boards formed under the provincial Village Administration Act of 1922 were gradually replacing the union committees formed under the Bengal Local Self-Government Act. The new bodies have larger powers and responsibilities. But the 1924-25 report presented a disappointing picture. Office-bearers were said to have evinced little interest, and complaint was made of the want of public spirit, of aversion to taxation, and of dissensions and party feeling. In Assam, village authorities were reported in 1923-24 to have done useful work in the judicial sphere but to have proved disappointing in other respects. Outside the judicial sphere, the record of panchayats in the Punjab does not show interesting endeavour or achievement; and reluctance to impose taxation is marked. The United Provinces reports speak of extraordinary diversity of opinion regarding the value of village panchayats. These bodies have been created primarily to deal with petty litigation and rural sanitation. The number of cases dealt with by panchayats is said to have steadily increased, but the principal benefit is considered to have been not diminution of the volume of litigation in the ordinary courts but reduction of the cost of litigation in cases of local indebtedness with consequent reduction of the local rates of interest. In regard to village sanitation, opinion about the work done by panchayats is said to be divided. Progress would appear to be slow, though not devoid of promise.

D.—Local bodies and non-co-operation.

The effect of the non-co-operation movement on local bodies varied in different provinces, both in its nature and duration, and may now be said to be defunct in most, and on the wane elsewhere.

Madras.—In Madras there were resignations from one or two municipalities, but, broadly speaking, local bodies were not included in the ban against institutions created by or drawing their authority from Government. In Madras attempts are said to have been made in some places to prevent payment of municipal taxes, and resolutions favouring prohibition and the use of khaddar were passed. "National education" of the type favoured by Mr. Gandhi and his followers evidently found support in some quarters. The renaming of streets after leaders of the nationalist movement, and proposals to present addresses of welcome to them are reported to have been the other manifestations of the influence of this movement. The local Government abolished one municipal council and temporarily superseded another. The provincial Legislative Council also passed a law requiring councillors to take an

oath of allegiance before they could take their seats. Government sought to combat the movement for non-payment of taxes by exempting cattle and municipal land from taxation. The verdict of the Madras Government is that, on the whole, the movement had little effect on the course of local self-Government in the presidency.

Bombay.—In Bombay, the effect of the movement on local self-Government was localised and not pronounced. Generally, municipalities are stated to have evinced a desire to seek the help of Government and its officers, especially in educational matters. But some towns felt the shock of the first onset. For instance, in Nadiad, 11 members of the municipal council including the chairman and vice-chairman resigned from the municipality. Ahmedabad and Surat had to be superseded for 2 and 3 years respectively owing to persistent default in respect of maintaining primary schools according to the requirements of the Bombay District Municipalities Act. No such striking instances of deliberate breach of the law by local boards are reported Non-co-operators are said to have been even less successful in their attempt to capture district boards, though at Bardoli, in the elections held in 1920-21, pressure is said to have been used by them to prevent voters from voting.

Bengal.—In Bengal, the Swarajists captured the majority of seats in the Calcutta elections, and are reported to have established a dictatorship of which the main feature is described as the subordination of civic administration to political and party ends. Except primary education, no aspect of civic activity is considered to have received impartial attention. Refusal to allow recovery of arrears of taxes by distraint from notable suppoters of the Swaraj party is cited as an example of partisanship. In the rural field, Swarajist opposition to local self-governing institutions is stated to have been directed against the application of the Village Self-Covernment Act, 1919. The object of this act, which was to develop the formation of units of Village Self-Government, is described as having been misrepresented as an insidious attempt to impose fresh taxation; and in 1921, the law had to be actually withdrawn from 227 recently constituted union boards in Midnapore district. But, with this exception, and that provided by Calcutta, the non-co-operation movement is said to have produced no distinctive effect on the method or spirit of local self-government

United Provinces.—The United Provinces reports chronicle nothing of note on the subject, beyond the success secured by non-co-opeartors in the municipal elections of 1923. In the district boards, which are described as the natural field of the landlords, their success was inconspicuous. In the case of neither class of local body did their presence produce any destructive results. Instead of wrecking these institutions, they tried, though not always with success, to improve on the work of their predecessors.

Central Provinces.—In the Central Provinces their record in electoral contests was more or less similar. Their advent to office was, in some

cases, marked by political demonstrations, *e.g.*, the flying of national flags, the picketing of liquor shops, and the support of national schools. But this phase is said to have been short-lived and the general verdict is that the municipalities in which non-co-operators were in the majority differed but little from other municipalities.

Punjab and Assam.—On local bodies in the Punjab and Assam, the non-co-operation movement would appear to have made no impression.

Bihar and Orissa.—In Bihar and Orissa, the municipalities of Bhagalpur and Gaya and the district board of Monghyr are reported to have suffered maladministration as a result of the impact of the movement. Encouragement of the weaving and wearing of khaddar, utilisation of primary schools as channels for Swarajist propaganda, attempts to subordinate administration to the dictates of outside political bodies like the district Congress committees, are mentioned as overt manifestations of the Swarajist régime in areas where Swarajists had secured a majority on local bodies. But a few individual instances, *e.g.*, that of Samastipore, of administrative efficiency, and freedom from party eccentricities are also cited.

E.—Legislative Councils and local self-government.

In Madras the reformed Legislative Council had to deal with one measure which, in the atmosphere of the early days of non-co-operation, [illegible] popular element, [illegible] and Local Boards Act in order to require members of these bodies to make the oath or affirmation of allegiance to the Crown. The bill was introduced by government and was passed. The other important government measure adopted by the Council was a law authorising local bodies to impose a tax on entertainments. Private Bills dealing with the raising of the rate of tolls levied on carts, the diversion of accumulations of the railway cess to the construction of roads and bridges and the protection of the rights of the lower castes to use public highways and markets maintained by local boards were passed.

The Bengal reports reveal a chequered story. The Council is said to have viewed the legislation to democratise the constitution of the corporation of Calcutta with benevolence, though a controversy arose over the question of communal electorates and of cow-killing. On the other hand, leave to introduce a bill to amend the Bengal Municipal Act of 1884, which had been prepared by the late Sir Surendra Nath Banerji—the minister who was responsible for the Calcutta Municipal Act, 1923—was refused. This is attributed to three causes: (1) the fear of disunion among Swarajists over the question of communal representation, (2) reluctance of a section of the Council to face the prospect of fresh taxation, and (3) a desire to thwart government.

Several attempts were made by a few private members to get the Bengal Village Self-Government Act, 1919, amended, but without

success. Members are reported to have shown a tendency to ask questions suggesting interference with the statutory powers of local boards, but such questions are said to have been disallowed.

In the United Provinces the taxation provisions of the bill to amend the District Boards Act, which became law in 1922, is reported to have encountered opposition from the land-lords. The apportionment of Muhammadan representation on local boards is also said to have caused difficulty. The most notable private bill which has become law provides for the resignation of the chairman of a municipal board, if the majority of the board pass a vote of no-confidence in him and confirm the verdict by a second resolution calling on him to resign. In case of failure to tender his resignation in such circumstances, the Act empowers Government to remove the chairman.

The proceedings of the Punjab Legislative Council relating to local self-government are reported to bear a communal impress. A substantial part of the questions asked dealt with the respective claims of Hindus, Muhammadans and Sikhs to appointments under local bodies. A bill to validate the imposition of a terminal tax in Lahore was made the occasion for attacking the ministry on the question of the representation of Hindus on the Lahore municipality. A recent Government measure, which seeks to create the appointment of Executive Officer in municipalities, has come in for strong criticism on the ground that it will curtail the power of municipal committees. The main resolutions moved in the Legislative Council on matters relating to local self-government either recommended the provision by Government of funds for certain purposes, *e g.*, the extension of primary education, or urged action by local bodies to extend civic amenities.

The Bihar and Orissa Legislative Council had to deal with the three principal legislative measures of the reformed Government in the sphere of local self-government, *i.e.*, the Bills to amend the Bengal Municipal and Local Self-Government Acts, and the Village Administration Act. Its attitude towards the constructive parts of these measures is [illegible] the affairs of [illegible] a reluctance [illegible] office bearers. The machinery of a Local Self-Government and a Public Health Board, which are creations of the new régime, is cited as an illustration of the desire of elected members to vest control over local bodies in the minister and to share the control with him. Resolutions and questions are reported to have betrayed a tendency to ignore the principle of non-interference with local bodies and to suggest direction from above in purely local matters, such as the construction of a road or the selection of a school or hospital site. But such general questions as the extension of medical relief and education also appear to have evoked interest, and resolutions recommending a progressive policy in respect of both are reported to have been passed.

The Central Provinces reports state that members of Legislative Council take a great interest in matters connected with local self-government, and maintain touch with their constituencies through local bodies.

In Assam, in the important matter of taxation, the attitude of the Legislative Council towards measures designed to raise fresh taxes to assist local bodies is said to have improved. For instance, at first an attempt on the part of the Government to legislate for enhancing the local rate on land under tea failed. But, subsequently, the Council passed the Assam Stamp and Court Fees Acts, because it was pointed out that part of the income would be devoted to the improvement of the water supply in rural areas, and was equally agreeable to the passing of the Assam Local Rates and Local Self-Government Amendment Act, 1926, which purports to raise the local rate on land under tea cultivation in order to provide additional funds for improving roads in the districts on which the increased cess will fall.

PART IV—STATISTICAL TABLES.

TABLE I.

Statement showing the constitution of municipalities in India during years 1884-85, 1894-95, 1907-08, 1918-19 and 1925-26.

Province.	Year.	Number of munici-palities.	Members.				Chairmen		Remarks
			Total number.	Elected.		*Ex-officio* and nomi-nated.	Elected	*Ex-officio* and nomi-nated.	
				Number	Per-centage				
Madras (excluding Madras city).	1884-85	47	714	176	24·6	538	No information		
	1894-95	56	871	382	43·9	489	Do.		
	1907-08	60	938	461	49·2	477	Do		
	1918-19	72	1,051	586	55·8	465	50	22	
	1925-26	80	1,689	1,296	76·7	393	77	3	
Bombay (excluding Bombay city).	1884-85	162	2,508	270	10·8	2,238	No information		
	1894-95	170	2,391	907	37·9	1,484	Do		
	1907-08	159*	2,207	808	39·9	1,327	Do.		* Decrease in number of municipalities due to abolition of certain municipalities in areas where they were found to serve no useful purpose.
	1918-19	156	2,222	1,087	48·9	1,135	62	91†	
	1925-26	156	3,007	2,424	78·3	673	144	12	
Bengal (excluding Calcutta).	(a)1884-85	129	1,976	997	50·4	979	No information.		† Information regarding three municipalities not given in the report.
	(a)1894-95	146	2,140	1,171	54·6	969	Do.		(a) Figures include those for B. and O. and a portion of Eastern Bengal.
	(b)1907-08	128	1,744	902	51·7	842	Do.		(b) Including B. and O. but excluding Eastern Bengal.
	1918-19	115	1,579	994	62·9	585	98	17	
	1925-26	115	1,632	1,049	64·2	583	107	8	

TABLE I—*contd.*

Statement showing the constitution of municipalities in India during years 1884-85, 1894-95, 1907-08, 1918-19 and 1925-26 —contd.

Province.	Year.	Number of municipalities.	Members. Total number	Members. Elected. Number	Members. Elected. Percentage.	Members. Ex-officio and nominated.	Chairmen. Elected.	Chairmen. Ex-officio and nominated.	Remarks.
United Provinces	1884-85	108*	1,547	1,235	79·8	312	No information.		* Decrease in number of municipalities due to abolition of municipalities on account of smallness of area and in some cases unpreparedness of population for enlarged responsibilities.
	1894-95	103*	1,597	1,257	78 7	340	Do.		
	1907-08	89*	1,224	936	76 5	288	Do.		
	1918-19	83*	1,015	865	85 2	150	62	21	
	1925-26	85	1,082	940	86 9	142	73	12	
Punjab	1884-85	202	2,042	870	42 6	1,172	No information.		† Decrease in number due to abolition of certain municipalities on account of smallness of area and in some cases unpreparedness of population for enlarged responsibilities. ‡ Figure excludes municipalities in North-West Frontier Province, which was constituted as a separate province in 1901. § Excluding Delhi, which was constituted into a separate province in 1912. ‖ Information regarding one municipality not given in the report.
	1894-95	†149	1,669	803	48 1	866	Do		
	1907-08	‡137	1,473	723	49 1	750	Do.		
	1918-19	§101	1,184	604	51 0	580	7	29‖	
	1925-26	104	1,194	863	72 3	331	90	14	

Burma (excluding Rangoon).	1884-85	10	120	55	45·8	65	No information		(c) Including 87 co opted members
	1894-95	41	501	101	20·2	400	Do.		(d) Report for 1925 26 not yet received.
	1907-08	43	540	63	11·7	477	Do		
	1918-19	44	563	97	17·2	460	40	4	
	(d)1924-25	57	788	(c)600	87·6	98	55	2	
Bihar and Orissa	1884-85	Included in figures for Bengal.					No information.		¶ Information regarding 2 municipalities not given in the report.
	1894-95	Ditto.					Do.		
	1907-08	Ditto.					Do.		
	1918-19	57	705	476	59·9	319	22	33¶	
	1925-26	58	992	773	77·9	214	53	5	
Central Provinces	1884-85	69	805	488	60·8	317	No information.		
	1894-95	64	785	529	67·4	256	Do.		
	1907-08	57	752	453	60·2	299	Do.		
	1918-19	59	813	507	62·4	306	50	9	
	1925-26	65	1,085	(e)840	77·4	245	63	2	(e) Including 111 selected members.
Assam	1884-85	13	129	59	45·7	70	No information.		(f) Figure included municipalities in part of Eastern Bengal which, with Assam was constituted into a new province in 1905 and dissolved in 1911-12.
	1894-95	14	149	54	36·2	95	Do.		
	1907-08	(f)50	652	323	49·5	329	Do.		
	1918-19	23	241	128	53·1	113	14	9	
	1925-26	25	295	232	78·1	63	15	10	
Madras Municipal Corporation.	1884-85	1	35	15	42·8	20	..	1	
	1894-95	1	33	24	72·7	9	..	1	
	1907-08	1	37	20	54·0	17	..	1	
	1918-19	1	33	20	60·6	13	..	1	
	1925-26	1	46	38	82·6	8	1	..	

TABLE I—*concld.*

Statement showing the constitution of municipalities in India during years 1884-85, 1894-95, 1907-08, 1918-19 and 1925-26 —concld.

Province	Year.	Number of munici-palties	Members.				Chairmen.		Remarks.
			Total number.	Elected.		*Ex-officio* and nomi-nated.	Elected	*Ex-officio* and nomi-nated.	
				Number.	Per-centage.				
Bombay Municipal Corporation.	1884-85	1	72	56	77·7	16	1	..	
	1894-95	1	72	56	77·7	16	1	..	
	1907-08	1	72	56	77·7	16	1	..	
	1918-19	1	72	56	77·7	16	1	..	
	1925-26	1	106	*90	84·9	16	1	..	* Including 10 co-opted members.
Calcutta Municipal Corporation.	1884-85	1	75	50	66·6	25	..	1	
	1894-95	1	77	50	64·9	27	..	1	
	1907-08	1	51	25	49·1	26	..	1	
	1918-19	1	50	25	50·0	25	..	1	
	1925-26	1	90	68	75·5	22	1	..	
Rangoon Municipal Corporation.	1884-85	1	25	17	68·0	8	..	1	
	1894-95	1	24	18	75·0	6	..	1	
	1907-08	1	25	16	64·0	9	..	1	
	1918-19	1	25	18	72·0	7	..	1	
	†1924-25	1	34	29	85·3	5	..	..	† 1925-26 report not received yet.

TABLE II.

Statement showing the constitution of rural boards in India during the years 1889-90, 1894-95, 1907-08, 1918-19 and 1925-26.

Province	Year.	Number of rural boards.	Members.			Ex-officio and nominated	Chairmen		Remarks
			Total number.	Elected.			Elected	Ex-officio and nominated.	
				Number	Percentage				
Madras*	1889-90	355	4,013	240	5·9	3,773	No information.		* Figures include union boards
	1894-95	458	5,069	303	5·9	4,766	Do		(x) 63 seats were vacant during the year
	1907-08	489	5,507	318	5·7	5,189	Do		
	1918-19	657.	7,077	1,573	22·2	5,504	98(x)	(x)496	† Decrease in number of boards due to abolition of certain union boards or their conversion into village panchayats
	1925-26	637†	8,540	6,296	85·4	2,244	598‡	37‡	‡ One union board ceased to function during the year and one had no president
Bombay	1889-90	221	3,430	1,543	44·9	1,887	No information.		
	1894-95	224	3,494	1,573	45·0	1,921	Do.		
	1907-08	232	3,633	1,621	44·6	2,012	Do.		
	1918-19	241	3,487	1,733	49·7	1,753	..	236§	§ Deficiency in number of chairmen was due to the fact that in one division some chairmen presided over more than one local board.
	1925-26	249	4,140	3,123	75·4	1,017	213	36	
Bengal	1889-90‖	144	2,000	772	38·6	1,228	No information		‖ Including B and O. but excluding Eastern Bengal.
	1894-95‖	140	2,025	769	37·9	1,256	Do.		
	1907-08	107	1,537	505	32·8	1,032	Do.		
	1918-19	97	1,378	654	47·4	724	59	38	
	1925-26	108	2,002	1,228	61·3	774	104	4	

TABLE II—*contd.*

Statement showing the constitution of rural boards in India during the years 1889-90, 1894-95, 1907-08, 1918-19 and 1925-26 —contd.

Province.	Year.	Number of rural boards.	Members.			Ex-officio and nominated.	Chairmen.		Remarks.
			Total number	Elected.			Elected.	Ex-officio and nominated.	
				Number	Per-centage.				
United Provinces	1889-90	49	1,640	1,283	78 2	357	No information.		
	1894-95	48	1,627	1,271	78·1	356	Do.		
	1907-08	48	911	634	69 5	277	Do.		
	1918-19	48	1,094	817	74 6	277	32	16	
	1924-25	48	1,450	1,355	93 4	95	48	..	
Punjab	1889-90	114	2,813	1,416	50 3	1,397	No information.		* Decrease in number of boards due to abolition of sub-district boards.
	1894-95	100*	2,613	1,278	48 9	1,335	Do.		
	1907-08	49*	1,511	606	40 1	905	Do.		
	1918-19	28	1,324	489	36 9	835	..	28	
	1924-25	29	1,184	804	67·0	380	1	28	
Burma	1889-90	No local boards were in existence.							
	1894-95								
	1907-08						..	..	
	1918-19								
	1925-26	Report not yet received.					..	..	

Bihar and Orissa†	1889-90	Included in figures for Bengal.					.	..		† Figures include union boards.
	1894-95									
	1907-08									
	1918-19	108	1,218	318	26 1	900	50‡	43		‡ Information regarding chairmen of 9 boards not available in report
	1925-26	124	1,023	1,192	73 4	431	113	11		
Central Provinces	1889-90	68	1,139	893	77 5	246	No information.			
	1894-95	97	1,652	1,200	72 6	452	Do.			
	1907-08	96	1,656	1,219	73 6	437	Do.			
	1918-19	102	1,861	1,375	73·8	486	71	31		
	1924-25	106	1,897	1,430	75 3	395	86§	11		§ Nine seats of chairmen were vacant.
Assam	1889-90	19	378	149	39 4	229	No information.			
	1894-95	19	372	142	38 1	230	Do.			
	1907-08	66‖	967	397	41 0	570	Do			‖ Figures included rural boards in part of Eastern Bengal, which with Assam, was constituted into a new province in 1905 and dissolved in 1911-12
	1918-19	19	330	208	63 0	122	1	18		
	1925-26	19	380	263	69 7	115	13	6		

TABLE

Statement showing voters for municipal and rural board

Province and year.		Municipalities		District boards		Taluk or local
		Number.	Voters	Number.	Voters	Number.
Madras (excluding Madras city)	1919	72	58,554(*a*)	25	No direct elections to district boards	97
	1926	80	2,15,348	24		129
Bombay (excluding Bombay city).	1919	156	1,66,775(*f*)	26	No direct elections to district boards	216
	1926	156	5,05,091	27	2,50,167	222
Bengal (excluding Calcutta).	1919	11	1,59,974	25	Elected members of district boards are elected by local boards	72
	1926	115	1,66,956	26		82
United Provinces	1919	84	1,17,759(*l*)	48	9,378(*m*)	There are
	1926	85	2,98,808	48	12,69,942	
Punjab	1919	101	2,19,303	29	1,74,896	There are
	1926	104	5,18,486	29	5,43,198	
Burma (excluding Rangoon).	1919	46	64,353(*o*)	Information not available.	Elected members of district councils are elected by circle boards	Information not available.
	(*k*) 1925	57	95,261(*p*)			

III.

and village authorities during 1919 and 1926.

or circle boards	Union boards		Village panchayats		Remarks
Voters	Number	Voters.	Number	Voters	
1,12 414(b)	535	51,726(d)			
8,62,025(c)	494	2,81,072(e)	9	number not available.	(b) (c) (d) (e) These figures are not complete as information regarding voters for taluk and union boards in certain districts is not available
65,497(g)	There are no union boards		Information not available	79,410(h) (in 1922)	(f) Excludes voters for certain municipalities in Central division whose number is not known
10,91,464			227	29,705(h)	(g) Excludes voters, for all taluk boards in Northern division 66 taluk boards in Sind and Central Division, and some taluk boards in Southern division, as their number is not known.
Information not available.	1,052(j)	2,84,331(j	Information not avilable.		(h) Figures for panchayats in Southern division only. Information regarding panchayats in Central and Northern divisions not available. No panchayats exist in Sind and in Bombay Suburban divisions
16,91,331(i)	2,269	8,81,773(k)	159	Information not available	(i) Excluding districts of Jalpaiguri and Darjeeling where the elective system is not in force and Malda, where there is no loca board.
no taluk, loca or	union boards in the United Provinces.		Information not available. 4,772	There is no formal election.	(j) Figure for 1921-22 Earlier figures not available. (k) Figures for 1925-26. Later figures not available (l) Excluding voters in 9 municipalities, whose number is not known
no taluk, local or	union boards in the Punjab.		Information not available	18,482(n)	(m) Excluding voters in 13 district boards, whose number is not known
			323	33,824	(n) Figure for 1922-23, the first year after promulgation of law, relating to panchayats in the Punjab
5,95,411(g)	There are no union boards or village panchayats in Burma				(o) Figure for 1921. Earlier figures not available
4,15,247					(p) Figure for 1924 Later figures not available. (q) Figure for 1922, when elections were first held

TABLE

Statement showing voters for municipal and rural board

Province and year.		Municipalities.		District boards		Taluk or local
		Number	Voters.	Number.	Voters.	Number.
Bihar and Orissa	1919	58	62,356	18	Elective system was not in force.	46
	1926	58	1,16,786	19	2,83,742	46
Central Provinces	1919	59	47,290(u)	21	No direct election to district councils	82
	1926	65	1,77,835	23		83
Assam	1919	25	8,135	There are no district boards in Assam.		19
	1926	25	15,857			19

III—*contd.*

and village authorities during 1919 and 1926.

or circle boards	Union boards		Village panchayats		Remarks
Voters	Number	Voters	Number	Voters	
There are no separate elections for local boards Members elected to district boards by electorates within Local Boards areas are members of latter	Information included under "Villages panchayats" separate figure regarding union boards not available		Information not available	17,475(s)	(r) Later figures not available
			270	120,725(t)	(s) Figure for 1924 and for union boards and panchayats combined Earlier information not available.
34,324(v)	There are no union boards in the Central Provinces		*Nil*	*Nil*	(t) Figures for union boards and panchayats combined
4,13,826			80	37,273	(u) Excluding voters in 18 municipalities, whose number is not known.
87,012 (approximately)	Separate figures for union boards not available.		62(w)	No formal electoral roll is prepared Elections are informal	(v) Excluding voters in 47 local boards, whose number is not known
2,42,758			239		(w) Figure for 1916 for union boards and village panchayats combined. Figures for 1919 not available

TABLE IV.

Statement showing ordinary income of municipalities in Governors' provinces during the years 1920-21 to 1925-26.

Province.	Year.	Rates and taxes.	Government grants and contributions.					Total.	Remarks.
			General.	Medical.	Educational.	Total.	Other heads		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs	
Madras (excluding Madras municipal corporation)	1920 21	47,50,693	13,53,885	13,136	4,27,934	17,94,955	27,68,962	93,14,610	*Separate figures not shown in reports.
	1921-22	55,20,933	*	*	*	13,33,534	26,43,749	94,98,210	
	1922-23	64,84,606	*	*	*	12,13,078	27,35,887	1,04,33,571	
	1923-24	67,85,172	2,81,504	79,173	7,60,276	11,20,953	30,52,015	1,09,58,140	
	1924-25	68,43,415	9,32,470	77,205	6,14,340	16,24,015	35,46,101	1,20,13,531	
	1925-26	71,10,632	13,84,028	34,985	9,39,885	23,58,898	35,78,442	1,30,47,972	
Bombay (excluding Bombay municipal corporation).	1920-21	99,35,255	2,41,724	67,077	12,24,824	15,36,625	65,47,806	1,80,16,686	
	1921-12	1,08,84,085	3,16,725	86,051	13,29,707	17,32,483	50,00,175	1,76,16,743	
	1922-23	1,22,71,154	3,25,604	68,628	14,79,700	18,74,022	38,75,521	1,80,20,697	
	1923-24	1,33,85,461	3,84,792	1,18,262	15,38,291	20,41,345	40,73,511	1,95,00,317	
	1924 25	1,46,12,348	2,21,642	2,30,679	21,32,550	25,84,871	50,86,070	2,22,83,289	
	1925-26	1,53,09,561	2,22,678	3,90,118	17,01,611	23,14,407	46,64,538	2,22,88,506	
Bengal (excluding Calcutta municipal corporation).	1920-21	55,63,780	4,16,281	5,760	1,06,056	5,28,097	10,14,615	71,06,492	
	1921-22	59,60,877	5,27,624	6,740	1,00,761	6,35,125	11,21,086	77,17,088	
	1922-23	62,90,852	6,58,685	5,764	88,708	7,53,157	11,03,339	81,47,348	
	1923-24	64,57,702	6,61,743	5,598	72,479	7,39,820	11,31,208	83,28,730	
	1924 25	60,69,909	7,48,726	4,754	80,480	8,33,960	10,61,266	79,65,135	
	1925-26	62,11,862	99,918	5,634	1,14,379	2,19,931	11,49,460	75,81,262	
	1920-21	70,33,391	6,63,586	35,070	1,81,377	8,80,033	33,05,022	1,12,18,446	
	1921-22	76,28,894	11,59,217	42,972	1,95,687	13,97,876	36,29,657	1,26,56,427	
	1922-23	86,19,134	16,29,398	74,040	2,97,559	20,00,997	35,57,650	1,41,77,781	

United Provinces	1923-24	97,27,431	6,13,885	1,50,094	3,16,022	10,80,001	35,29,527	1,43,36,959	
	1924-25	1,02,54,011	5,14,863	69,085	2 39,546	8,23,494	38,15,368	1,48,02,873	
	1925-26	1,01,80,680	7,90,558	1,43,691	3,73,084	13,07,033	40,63,062	1,55,42,575	
Punjab	1920-21	67,77,350	4,28,859	66,750	2,62,754	7,58,369	30,15,367	1,11,51,050	† Decline due to fall in octroi in towns.
	1921-22	63,31,613†	4,44,124	37,150	3,17,479	7,98,753	37,53,912	1,10,84,278	
	1922-23	68,91,050	4,79,049	31,047	4,45,092	9,55,188	40,98,203	1,19,44,141	
	1923-24	73,18,905	4,64,532	96,520	4,31,059	9,92,211	41,22,474	1,24,33,590	
	1924-25	67,29,347	13,84,572	1,67,302	4,54,807	20,96,681	51,22,550	1,38,58,578	
	1925-26	75,68,183	8,24,240	81,649	5,59,072	14,64,961	42,67,440	1,33,00,584	
Burma (excluding Rangoon municipal corporation)	1920-21	21,10,614	2,16,818	71,340	93,347	4,11,505	28,03,923	53,20,042	
	1921-22	21,98,234	87,784	1,14,539	1,46,571	3,48,894	28,23,603	53,70,731	
	1922-23	22,43,545	3,32,280	1,07,124	89,293	5,28,697	30,78,973	58,51,215	
	1923-24	25,15,096	1,46,378	12,084	1,11,247	2,69,709	32,29,533	60,14,338	
	1924-25	30,02,720	2,17,471	65,049	98,323	3,78,844	34,33,752	68,15,316	
	1925-26			Report not yet received.					
Bihar and Orissa	1920-21	19,09,133	5,22,041	89,064	97,065	7,08,170	8,14,415	34,31,718	
	1921-22	20,17,898	1,59,965	68,273	1,01,814	3,33,052	6,50,182	30,01,132	
	1922-23	21,64,186	1,73,858	87,366	92,591	3,33,815	7,17,175	32,35,176	
	1923-24	22,07,896	1,78,837	55,437	1,23,605	3,57,879	7,17,941	32,83,716	
	1924-25	23,29,917	1,74,895	50,068	1,07,627	3,32,790	7,40,051	34,02,758	
	1925-26	24,82,309	85,798	35,331	1,18,813	2,39,042	8,03,902	35,26,153	
Central Provinces	1920 21	27,26,748	52,002	1,74,113	2,07,502	4,33,617	12,22,086	43,82,451	
	1921-22	31,60,358	47,386	1,25,509	2,23,794	3,98,689	11,89,310	47,48,357	
	1922-23	35,81,811	66,507	4,678	2,30,284	3,10,469	13,09,251	52,01,531	
	1923-24	38,20,030	80,399	10,668	2,49,868	3,40,935	16,90,827	58,51,792	
	1924-25	39,58,260	65,493	39,311	2,65,905	3,70,709	15,41,906	58,70,935	
	1925-26	38,89,569	1,64,825	1,21,422	2,99,080	5,85,327	14,92,632	59,67,528	
Assam	1920 21	3,95,483	2,13,316	580	20,001	2,33,897	1,54,284	7,83,664	
	1921-22	4,24,915	1,59,716	220	21,303	1,81,239	1,65,499	7,71,653	
	1922 23	4,46,340	1,59,716	220	20,387	1,80,323	1,83,558	8,10,221	
	1923-24	4,82,428	1,61,959	220	20,326	1,82,505	1,71,391	8,36,324	
	1924 25	5,03,449	1,60,652	220	20,263	1,87,135	1,94,806	8,85,390	
	1925-26	5,56,930	1,56,109	11,220	33,719	2,01,048	1,92,313	9,50,291	

TABLE V.

Statement showing ordinary expenditure of municipalities in Governors' provinces during the years 1920-21 to 1925-26.

Province.	Year.	General Administration and Collection.	Education.	Public health and convenience (including medical relief but excluding roads).	Communications and roads.	Other heads	Total.	Remarks.
		Rs.	Rs.	Rs.	Rs	Rs.	Rs	
Madras (excluding Madras municipal corporation).	1920-21	16,52,042	12,59,297	60,17,740	10,87,624	10,29,766	1,10,46,469	
	1921-22*	..	..	..	..	..	..	* Figures not available.
	1922-23	12,59,152	14,66,127	48,66,466	9,54,667	14,07,305	99,53,717	
	1923-24	11,92,212	16,80,165	57,81,645	10,82,140	11,64,863	1,09,01,025	
	1924-25	12,53,458	18,96,851	56,65,087	11,19,255	8,41,122	1,07,75,773	
	1925-26	14,40,091	20,64,916	64,43,511	15,40,120	7,73,164	1,22,61,802	
Bombay (excluding Bombay municipal corporation).	1920-21	15,40,145	30,33,730	70,57,011	14,99,296	32,52,384	1,63,82,566	
	1921-22	17,12,816	38,31,308	71,84,644	15,53,666	32,16,434	1,74,98,958	
	1922-23	17,65,372	36,58,683	79,23,062	18,44,715	23 53,935	1,75,45,767	
	1923-24	19,15,876	40,83,672	93,31,382	15,57,558	23,61,218	1,92,49,706	
	1924-25	20,80,309	45,40,922	1,02,37,058	18,06,448	32,11,057	2,18,75,794	
	1925-26	22,00,806	43,31,507	1,19,96,458	23,13,464	31,44,588	2,39,86,823	
Bengal (excluding Calcutta municipal corporation).	1920-21	5,76,014	2,83,955	37,53,822	5,85,714	10,77,865	62,77,370	
	1921-22	6,13,203	3,35,757	51,48,847	6,23,230	11,37,747	78,58,784	
	1922-23	6,77,053	3,56,200	46,96,250	8,00,985	11,45,238	76,75,726	
	1923-24	7,17,668	3,20,929	48,99,648	8,73,490	11,89,670	80,01,405	
	1924-25	6,72,210	2,94,321	44,16,251	8,80,005	10,42,457	73,05,253	
	1925-26	7,04,146	3,81,324	42,89,889	8,14,737	10,98,753	72,88,849	
United Provinces	1920-21	13,23,094	9,70,655	57,86,524	8,92,659	29,10,492	1,18,83,424	
	1921-22	11,35,763	11,32,791	77,23,447	10,87,033	33,54,814	1,47,36,838	
	1922-23	15,46,217	11,71,094	77,77,317	10,61,633	39,08,121	1,54,64,382	

	1923-24	15,49,668	12,40,316	68,59,654	12,01,188	27,10,733	1,35,70,858
	1924-25	16,09,624	14,06,987	67,34,688	11,21,352	27,98,487	1,39,71,138
	1925-26	16,81,704	15,18,886	72,21,543	17,69,039	32,11,091	1,54,02,863
Punjab . . .	1920-21	11,40,434	13,50,578	48,65,650	11,21,233	26,66,008	1,11,43,903
	1921-22	12,97,967	14,80,927	60,40,730	11,42,094	27,01,220	1,27,22,938
	1922-23	12,99,761	14,72,877	64,60,427	8,24,587	26,92,510	1,27,50,162
	1923-24	13,01,135	15,05,326	73,13,767	9,15,981	28,01,121	1,39,27,330
	1924-25	13,21,335	15,18,357	62,07,511	8,03,785	26,86,018	1,25,37,006
	1925-26	13,18,802	15,08,160	61,52,904	9,97,509	27,29,332	1,27,86,707
Burma (excluding Rangoon municipal corporation)	1920-21	4,66,224	3,43,134	33,96,838	5,33,308	6,03,324	53,42,828
	1921-22	8,97,681	3,88,431	36,03,889	6,02,226	6,95,011	61,87,238
	1922-23	6,04,042	4,18,706	34,74,329	4,61,249	7,10,634	56,68,960
	1923-24	7,15,618	4,68,819	33,01,908	6,73,046	10,73,931	62,33,322
	1924-25	6,90,542	4,97,847	30,33,970	6,89,547	15,66,393	64,78,299
	1925-26			(Report not yet received.)			
Bihar and Orissa . .	1920-21	2,37,810	1,69,004	22,01,233	2,65,565	3,34,245	31,07,857
	1921-22	2,40,901	1,79,762	22,21,481	2,28,254	3,05,181	31,75,579
	1922-23	2,51,185	1,90,811	20,78,395	3,26,874	3,08,193	31,55,458
	1923-24	2,57,905	2,29,738	20,10,571	3,09,780	3,28,129	31,36,123
	1924-25	2,76,116	2,41,577	21,72,674	4,14,439	3,62,706	34,67,512
	1925-26	2,87,018	2,76,962	21,61,166	4,21,717	3,38,201	34,85,064
Central Provinces . .	1920-21	6,55,849	7,62,088	25,46,763	3,36,054	5,25,804	48,26,558
	1921-22	7,43,129	7,89,386	25,78,647	2,85,936	5,64,806	49,61,904
	1922-23	7,21,124	7,84,294	23,96,709	2,67,566	5,81,376	47,51,059
	1923-24	7,43,709	9,02,172	25,01,020	3,65,395	6,47,505	51,59,801
	1924-25	8,32,150	9,92,257	29,13,513	4,61,497	6,77,346	58,76,762
	1925-26	7,84,390	11,14,920	32,19,752	4,17,551	6,44,231	61,80,844
Assam . . .	1920-21	60,045	58,204	4,81,205	97,644	62,476	7,60,033
	1921-22	63,665	67,393	4,84,850	1,04,946	1,00,244	8,21,098
	1922-23	69,906	74,120	4,65,539	1,07,920	65,875	7,83,360
	1923-24	67,068	76,315	4,78,834	1,76,843	66,480	8,65,540
	1924-25	74,221	76,740	5,18,809	1,44,333	80,674	8,94,777
	1925-26	80,273	79,070	5,42,449	1,34,224	89,610	9,25,635

Table VI.

Statement showing ordinary income of rural boards in Governors' provinces from 1920-21 to 1925-26.

Province.	Year.	Taxation (Land revenue and Local rates).	Government grants: For educational purposes.	Government grants: For medical purposes	Government grants: For civil works including sanitary schemes.	Government grants: For other purposes.	Government grants: Total.	Other sources.	Total.
		Rs.	Rs	Rs.	Rs	Rs	Rs.	Rs.	Rs
Madras	1920-21	75,43,371	34,78,407	1,25,187	25,03,128	85,226	61,91,948	88,09,138	2,25,44,457
	1921-22	87,93,093	30,72,129	2,90,159	29,69,017	7,58,304	70,89,609	79,23,281	2,38,06,883
	1922-23	1,04,58,531	42,47,767	2,11,276	29,75,876	8,91,645	83,26,564	82,29,542	2,70,14,637
	1923-24	1,11,81,082	43,95,661	2,93,930	43,92,425	9,27,843	1,00,09,859	91,14,460	3,03,05,401
	1924-25	1,09,00,971	46,79,758	2,41,509	34,75,936	8,22,458	92,19,661	91,11,652	2,92,32,284
	1925-26	1,15,27,471	54,14,772	4,50,453	39,93,610	2,51,066	1,01,09,901	1,13,60,899	3,29,98,271
Bombay	1920-21	27,98,786	56,53,415	96,341	21,57,925	99,501	83,07,182	12,58,938	1,23,64,906
	1921-22	40,00,685	76,45,892	1,10,703	23,00,778	1,39,571	1,01,96,944	10,84,236	1,52,81,865
	1922-23	41,99,016	75,91,564	1,04,760	12,67,820	2,29,873	91,93,017	12,30,646	1,46,22,679
	1923-24	42,11,803	83,30,513	1,05,951	14,43,036	2,36,933	1,01,25,433	14,53,790	1,57,91,026
	1924-25	51,20,197	79,68,027	1,28,316	16,10,849	2,16,749	99,23,941	17,37,819	1,67,81,957
	1925-26	53,22,981	84,79,161	2,16,565	24,03,569	2,53,761	1,13,53,056	26,93,367	1,93,69,404
Bengal	1920-21	67,50,735	15,93,027	29,879	6,28,426	2,71,725	25,23,057	15,75,200	1,08,48,992
	1921-22	70,42,875	16,29,851	37,178	6,26,180	2,91,385	25,84,594	12,39,049	1,08,66,518
	1922-23	73,23,028	16,92,694	1,15,907	6,36,105	2,71,103	27,15,809	14,99,253	1,15,38,090
	1923-24	74,22,522	16,52,888	1,35,337	6,54,902	2,55,900	26,99,027	15,50,951	1,16,72,500
	1924-25	76,17,021	16,35,748	2,74,321	7,12,460	2,56,582	28,79,111	17,12,819	1,22,08,951
	1925-26	76,24,613	18,05,222	2,19,114	7,61,000	2,86,194	30,71,530	18,68,124	1,25,64,267
United Provinces	1920-21	71,49,117	43,21,911	2,14,141	5,14,237	9,687	50,59,976	30,72,635	1,52,81,728
	1921-22	71,90,603	61,16,250	1,72,749	5,77,274	9,975	68,76,248	29,85,206	1,70,52,057
	1922-23	72,21,773	45,79,265	4,48,380	4,38,086	7,656	54,73,387	29,65,238	1,56,60,398

	1923-24	70,88,120	64,30,853	2,58,825	6,82,350	7,223	73,79,251	29,87,101	1,73,51,535
	1924-25	73,61,050	63,71,623	3,00,873	8,00,025	20,719	74,03,240	30,13,809	1,78,68,105
	1925-26	Report not yet received							
Punjab	1920-21	44,15,810	21,69,575	88,670	11,72,303	9,17,000	43,17,611	25,10,010	1,12,73,161
	1921-22	42,80,984	28,05,345	95,561	15,99,240	9,84,490	54,84,636	27,82,109	1,25,48,029
	1922-23	49,29,085	30,99,225	72,146	13,98,342	11,21,870	56,91,583	28,89,161	1,35,10,129
	1923-24	53,13,299	35,32,345	1,11,752	7,49,411	11,11,220	55,01,728	30,03,618	1,38,21,075
	1924-25	57,59,646	38,84,439	91,991	6,11,708	11,68,295	57,60,133	32,03,803	1,47,19,882
	1925-26	Report not yet received							
Burma	1920-21	There were no rural boards.							
	1921-22								
	1922-23	No report received yet.							
	1923-24								
	1924-25								
	1925-26								
Bihar and Orissa	1920-21	63,00,665	11,17,478	2,30,506	6,95,054	3,52,372	23,05,410	8,89,309	95,85,384
	1921-22	70,20,837	11,18,032	1,96,535	7,38,075	3,341	20,65,083	9,21,867	99,98,087
	1922-23	76,07,835	10,72,301	1,93,538	6,60,237	903	19,26,979	8,81,281	1,04,10,095
	1923-24	77,50,093	16,73,052	3,85,204	5,46,373	1,672	26,06,301	11,34,263	1,14,90,657
	1924-25	78,53,906	20,52,874	3,85,316	5,49,290	6,126	29,93,606	11,43,501	1,19,91,013
	1925-26	76,78,223	27,74,513	5,66,872	8,33,219	1,130	41,75,734	12,34,210	1,30,88,176
Central Provinces	1920-21	8,62,161	15,47,236	33,592	10,43,722	15,831	26,40,381	16,46,645	51,49,187
	1921-22	17,47,921	17,17,310	64,105	12,68,344	32,836	30,82,595	26,41,427	74,71,943
	1922-23	17,55,844	17,45,167	34,594	10,06,678	4,921	27,91,353	22,26,207	67,73,401
	1923-24	20,49,486	15,39,790	28,729	8,87,480	2,78,253	27,34,252	16,52,062	64,35,800
	1924-25	21,64,969	12,46,697	88,028	8,60,372	6,76,150	28,71,247	14,76,047	65,12,263
	1925-26	Report not received yet.							
Assam	1920-21	9,30,738	4,46,088	71,511	6,29,847	2,03,509	13,50,955	3,25,291	26,06,984
	1921-22	9,81,906	6,36,512	1,11,656	7,19,603	2,02,845	16,70,616	2,74,681	29,27,293
	1922-23	9,50,577	6,37,028	1,33,716	4,19,398	2,02,409	13,92,549	2,98,247	26,41,373
	1923-24	10,42,849	6,38,313	1,36,603	4,30,892	2,02,048	14,07,856	3,35,719	27,86,424
	1924-25	10,79,690	6,45,178	1,37,030	5,28,012	2,01,535	15,11,755	3,53,696	29,45,141
	1925-26	10,65,947	6,42,507	2,22,300	9,48,837	2,03,483	20,17,127	4,00,616	34,83,690

TABLE VII.

Statement showing the ordinary expenditure of rural Boards in Governors' provinces during the years 1920-21 to 1925-26.

Province.	Year.	General Administration.	Education.	Medical (including sanitation).	Communications.	Other heads.	Total expenditure.
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Madras	1920-21	10,39,389	58,30,940	29,37,318	86,89,100	82,14,905	2,67,11,652
	1921-22	13,09,674	55,62,515	29,81,982	90,23,032	71,89,298	2,60,66,501
	1922-23	14,82,714	63,16,180	30,51,523	86,75,169	71,81,689	2,67,07,275
	1923-24	12,97,390	67,47,757	31,62,510	86,44,252	71,59,496	2,70,11,405
	1924-25	13,86,487	72,32,623	30,00,345	86,19,142	68,75,731	2,71,14,328
	1925-26	13,93,930	81,06,317	30,50,947	95,29,037	93,33,177	3,14,13,408
Bombay	1920-21	3,13,979	65,31,743	8,72,621	21,82,668	31,32,172	1,30,33,183
	1921-22	4,13,300	78,64,963	9,78,823	22,68,349	32,04,207	1,47,29,642
	1922-23	4,08,814	87,29,121	8,99,885	21,01,883	23,15,693	1,45,15,396
	1923-24	5,51,500	88,67,389	10,76,412	22,34,166	24,32,700	1,51,62,167
	1924-25	5,94,579	89,41,530	10,50,720	21,71,618	26,02,808	1,53,61,235
	1925-26	6,65,511	97,80,077	9,82,187	27,89,645	31,30,733	1,73,48,153
Bengal	1920-21	4,14,010	28,49,900	11,73,205	37,38,492	31,56,664	1,13,32,271
	1921-22	4,60,784	28,42,673	13,67,732	32,90,416	30,13,991	1,09,75,595
	1922-23	5,28,691	29,27,592	15,25,021	34,80,732	27,81,081	1,12,43,117
	1923-24	5,51,241	29,43,552	16,98,593	35,96,627	30,55,798	1,18,45,811
	1924-25	5,63,100	29,89,274	18,07,217	36,21,710	32,29,662	1,22,10,963
	1925-26	5,81,869	30,46,609	20,23,881	35,91,683	34,03,827	1,26,47,871
United Provinces	1920-21	5,98,772	62,78,870	18,00,264	26,39,952	38,95,651	1,52,13,509
	1921-22	6,73,608	82,88,392	21,20,072	29,43,083	44,40,086	1,84,65,241
	1922-23	7,12,023	85,24,521	22,03,814	28,65,045	40,44,651	1,83,50,054

	1923-24	7,53,502	85,81,529	22,12,900	28,99,169	36,20,813	1,80,67,013
	1924-25	8,12,433	86,60,881	23,21,644	27,54,078	32,10,207	1,77,89,303
	1925-26		Report not yet received.				
Panjab	1920-21	3,50,715	44,41,700	10,93,834	26,82,255	36,63,432	1,22,31,936
	1921-22	4,05,051	49,39,067	15,09,151	26,66,301	44,67,642	1,39,87,212
	1922-23	4,43,997	52,53,800	15,21,538	23,54,517	36,86,753	1,32,60,605
	1923-24	4,56,039	57,15,579	15,40,326	23,25,188	35,12,015	1,35,49,147
	1924-25	4,70,177	62,18,968	16,98,431	20,52,132	36,30,748	1,40,70,455
	1925-26		Report not yet received.				
Burma	1920-21	There were no rural boards.					
	1921-22						
	1922-23	No report received yet.					
	1923-24						
	1924-25						
	1925-26						
Bihar and Orissa . . .	1920-21	3,20,381	18,95,537	9,39,833	38,99,777	23,38,422	93,93,950
	1921-22	3,59,908	20,60,030	11,71,982	37,39,543	27,03,394	1,00,34,857
	1922-23	3,66,093	20,86,858	12,62,046	41,71,201	27,10,538	1,05,72,736
	1923-24	3,67,459	22,91,173	14,32,895	51,05,071	28,24,656	1,20,21,254
	1924-25	4,51,625	29,21,329	15,65,810	42,50,462	29,44,177	1,21,33,403
	1925-26	5,15,536	36,63,325	17,02,855	43,48,606	32,37,912	1,34,68,324
Central Provinces . . .	1920-21	2,69,323	20,96,114	2,99,052	13,28,310	22,02,763	61,95,532
	1921-22	2,97,727	23,30,337	2,88,295	13,34,411	19,86,722	62,37,492
	1922-23	2,96,076	23,69,988	3,13,981	7,72,040	16,72,853	54,24,938
	1923-25	3,08,765	24,47,331	3,37,223	9,20,054	18,32,461	58,45,834
	1924-25	3,87,236	25,49,368	4,55,892	10,52,073	20,94,442	65,39,011
	1925-26		Report not yet received.				
Assam	1920-21	75,662	8,14,067	3,23,612	7,49,157	5,24,255	24,80,753
	1921-22	88,200	8,90,116	3,79,630	8,64,099	7,03,058	29,25,103
	1922-23	98,322	10,55,065	4,38,777	8,28,169	5,48,004	29,68,337
	1923-24	96,172	10,19,882	4,47,705	7,40,307	5,24,612	28,28,678
	1924-25	99,923	10,37,097	4,59,188	8,30,723	4,91,402	29,18,333
	1925-26	1,04,120	10,46,409	5,14,933	9,34,340	6,75,708	32,75,610

TABLE VIII.

Statement showing the ordinary income of municipalities during the years 1884-85, 1894-95, 1907-08, 1918-19 and 1925-26.

Province.	Year.	Total income.	Principal sources and proportion						Remarks.
			Taxation.		Government Grants.		Other heads.		
			Amount.	Proportion to total income.	Amount.	Proportion to total income.	Amount.	Proportion to total income.	
		Rs	Rs		Rs.		Rs.		
Madras (excluding Madras municipal corporation).	1884-85	17,74,890	10,05,187	56 64	1,30,916	7·32	6,38,787	36·04	
	1894-95	29,13,228	14,45,083	49 64	3,41,534	11 72	11,25,711	38 64	
	1907-08	37,24,678	23,62,438	63 43	2,11,251	5·75	11,47,989	30 82	
	1918-19	82,98,543	44,17,716	53 34	13,48,486	16·25	25,32,341	30 41	
	1925 26	1,30,47,972	71,10,632	54 50	23,58,898	18 08	35,78,442	27·42	
Madras municipal corporation	1884-85	12,60,674	8,08,021	64 10	1,03,911	8·24	3,48,742	27 66	
	1894-95	10,01,691	9,67,693	60 45	35,192	2 13	5,98,806	37 42	
	1907-08	25,63,882	13,91,670	54 28	5,53,670	21 60	6,18,542	24·12	
	1918-19	38,08,283	24,95,635	65,53	1,60,376	4 21	11,52,272	30 26	
	1925-26	68,84,296	40,33,826	58 60	38,186	·55	28,12,284	40 85	
Bombay (excluding Bombay municipal corporation).	1884-85	32,24,814	23,13,048	71·73	36,901	1·13	8,74,865	27·14	
	1894-95	61,00,505	37,84,906	62 04	2,36,796	3 88	20,78,803	34 08	
	1907-08	79,92,502	45,14,969	56 49	3,88,410	4 86	30,89,123	38 65	
	1918-19	1,23,81,637	77,36,710	62 49	9,89,840	7 99	36,55,087	29 52	
	1925-26	2,22,88,506	1,53,09,561	68 69	23,14,407	10 38	46,64,538	20 93	
Bombay municipal corpora-	1884-85	42,10,846	10,32,887	71 60	90,000	2·14	11,06,545	26 26	
	1894-95	97,98,240	55,78,310	56 92	..	..	42,19,930	43 08	
	1907-08	95,73,706	84,60,424	88·37	..	..	11,13,282	11 63	

tion.	1918-19	1,74,77,683	1,53,91,971	88 07	56,750	32	20,28,962	11·61	
	1925-26	3,06,55,400	2,72,51,608	88 90	6,69,635	2 18	27,33,957	8·02	
Bengal (excluding Calcutta municipal corporation).	1884-85	26,65,097	19,47,411	73·11	28,840	1·04	6,80,737	25·35	
	1894-95	40,45,345	23,13,485	57·16	28,220	69	17,03,640	42 15	
	1907-08	46,22,166	34,67,065	75 00	3,55,970	7 57	7,00,131	17·28	
	1918-19	64,52,693	51,33,100	79 55	2,51,121	3 89	10,68,472	16 56	
	1925-26	75,81,262	62,11,862	81·94	2,19,931	2 00	11,49,409	15·16	
Calcutta municipal corporation	1884-85	56,62,786	25,65,027	45 30	15,304	·26	30,82,455	54 44	
	1894-95	49,69,944	40,97,366	82·46	30,575	61	8,42,003	16 93	
	1907-08	79,17,636	64,01,137	80 85	65,870	·83	14,50,629	18 32	
	1918-19	1,42,04,835	1,02,86,904	72 42	1,26,367	·89	37,91,564	26 69	
	1924-25*	1,99,07,870	1,57,78,474	79 26	97,681	49	40,31,715	20 25	* Later figures not available.
United Provinces	1884-85	27,03,926	19,52,250	72 20	1,05,975	3 92	6,45,701	23 88	
	1894-95	55,06,002	33,97,726	61·71	35,867	65	20,72,409	37 64	
	1907-08	66,07,058	50,10,603	75 85	1,11,825	1 69	14,84,630	22 46	
	1918-19	1,19,00,583	66,71,875	56 07	11,96,694	10 05	40,32,014	33 88	
	1925-26	1,55,42,575	1,01,80,680	65 51	13,07,933	8·41	40,53,962	26 08	
Punjab	1884-85	27,92,902	23,72,034	84·96	29,148	1·02	3,91,720	14 02	
	1894-95	43,82,069	31,27,594	71·38	1,50,724	3 43	11,03,751	25 19	
	1907-08	60,76,030	40,03,618	65 90	89,877	1·48	19,82,535	32 62	
	1918-19	84,55,333	49,11,581	58 09	8,43,087	9 97	27,00,665	31·94	
	1925-26	1,33,00,584	75,68,183	56 90	14,64,961	11 01	42,67,440	32·09	
Burma (excluding Rangoon municipal corporation).	1884-85	20,82,148	6,30,197	30 27	6,98,847	33 56	7,53,104	36 17	
	1984-95	17,33,670	6,12,925	35 36	11,726	66	11,09,019	63 98	
	1907-08	37,38,055	13,60,809	36 40	3,18,339	8 52	20,58,907	55 08	
	1918-19	50,57,349	19,99,462	39 53	7,69,128	15 21	22,88,759	45 26	
	1924-25*	68,15,316	30,02,720	44 06	3,78,844	5 56	34,33,752	50 38	
Rangoon municipal corporation.	1984-85	12,94,377	4,48,978	34 72	4,60,400	35·59	3,84,999	29 69	
	1894-95	21,22,570	6,88,939	32 45	2,04,140	9 62	12,29,491	57 93	
	1907-08	34,99,022	26,18,481	74 85	6,800	·19	8,73,811	24 96	
	1918-19	48,92,039	34,56,236	70 65	38,500	·78	13,94,736	28 57	
	1925-26	80,59,250	56,88,980	70 59	48,500	61	23,21,770	28 80	

TABLE VIII—*contd.*

Statement showing the ordinary income of municipalities during the years 1881-85, 1891-95, 1907-08, 1918-19 and 1925-26 —contd.

Province.	Year.	Total income.	Principal sources and proportion.						Remarks.
			Taxation.		Government Grants.		Other heads.		
			Amount.	Proportion to total income.	Amount.	Proportion to total income.	Amount.	Proportion to total income.	
		Rs.	Rs.		Rs.		Rs.		
har and Orissa	1884-85								
	1894-95								
	1907-08			Formed	part of	Bengal.			
	1918-19	33,59,521	18,38,150	54 71	8,59,099	25·58	6,62,272	19·71	
	1925-26	35,26,153	24,82,309	70 41	2,39,942	6 80	8,03,902	22·79	
entral Provinces	1884-85	10,94,320	7,84,979	71·73	17,546	1 60	2,91,755	26 67	
	1894-95	18,48,301	10,28,951	55 67	36,608	1 98	7,82,742	42·35	
	1907-08	20,81,241	14,31,150	68·76	70,861	3 44	5,79,230	28·31	
	1918-19	44,54,566	23,47,437	52·70	6,51,631	14·63	14,55,498	32 67	
	1925 26	59,67,528	38,89,569	65·18	5,85,327	9 81	14,92,632	25·01	
ssam	1884-85	1,12,012	47,640	42 54	21,682	19 35	42,690	38·11	
	1894-95	1,92,354	93,885	48 79	22,026	11·45	76,443	39 76	
	1907-08*	17,43,673	9,18,603	52 69	2,76,060	15 83	5,49,010	31·48	* Includes Eastern Bengal.
	1918-19	6,18,084	3,07,777	59 50	1,08,953	17 63	1,41,354	22 87	
	1925-26	9,50,291	5,56,930	58 61	2,01,048	21·15	1,92,313	20·24	

TABLE IX

Statement showing the ordinary expenditure of municipalities during the years 1884-85, 1894-95, 1907-08, 1918-19 and 1925-26.

Province.	Year.	Total expenditure	Principal items and proportion						Remarks
			Public health and convenience (including medical relief)		Education.		Other heads		
			Amount	Proportion to total expenditure.	Amount	Proportion to total expenditure	Amount	Proportion to total expenditure.	
		Rs.	Rs.		Rs.		Rs.		
Madras (excluding Madras municipal corporation)	1884-85	17,09,788	7,37,153	43·10	2,13,753	12·50	7,59,035	44·40	
	1894-95	23,60,811	16,27,217	68·93	3,11,129	13·18	4,22,465	17·89	
	1907-08	36,80,181	25,43,798	69·12	4,13,441	11·23	7,22,942	19·65	
	1918-19	80,32,104	54,30,744	67·62	9,19,138	11·34	16,82,222	20·94	
	1925-26	1,22,61,802	79,83,631	65·12	20,64,916	16·84	22,13,255	18·04	
Madras municipal corporation.	1884-85	13,12,419	6,16,024	46·94	15,690	1·19	6,80,705	51·87	
	1894-95	12,13,147	8,23,063	67·85	21,122	1·74	3,68,962	30·41	
	1907-08	17,92,086	11,40,323	63·63	50,254	2·80	6,01,509	33·57	
	1918-19	44,15,679	29,42,258	66·65	1,16,170	2·63	13,56,251	30·72	
	1925-26	58,66,000	30,89,172	52·67	2,35,267	4·01	25,41,561	43·32	
Bombay (excluding Bombay municipal corporation)	1884-85	31,72,047	14,53,784	45·83	1,09,994	3·47	16,08,269	50·70	
	1894-95	85,12,538	30,10,226	35·36	6,97,540	8·19	48,04,772	56·45	
	1907-08	59,91,547	34,95,224	58·34	10,58,133	17·66	14,38,357	24·00	
	1918-19	1,17,28,250	58,83,929	50·17	21,72,027	18·52	36,72,294	31·31	
	1925-26	2,39,86,823	1,13,09,922	59·66	43,31,507	28·06	53,45,394	22·28	

TABLE IX—*contd.*

Statement showing the ordinary expenditure of municipalities during the years 1884-85, 1894-95, 1907-08, 1918-19 and 1925-26 —contd.

Province.	Year.	Total expenditure.	Principal items and proportion.						Remarks.
			Public health and convenience (including medical relief).		Education.		Other heads.		
			Amount.	Proportion to total expenditure.	Amount.	Proportion to total expenditure.	Amount.	Proportion to total expenditure.	
		Rs.	Rs.		Rs.		Rs.		
Bombay municipal corporation.	1884-85	98,05,804	21,26,735	24 52	22,500	·23	74,46,509	75 25	
	1894-95	72,48,232	40,23,063	55 51	87,290	1 20	31,37,879	43 29	
	1907-08	1,02,30,048	58,87,541	57 55	2,65,350	2 60	40,77,157	39 85	
	1918-19	1,90,74,887	94,91,165	49 76	9,47,009	4·96	86,36,713	45 28	
	1925-26	4,64,34,864	2,02,99,141	43·72	27,48,380	5 92	2,33,87,343	50 36	
Bengal (excluding Calcutta municipal corporation).	1884-85	28,06,542	13,17,652	46 95	86,729	3 09	14,02,161	49 96	
	1894 95	37,81,701	29,31,049	77 51	1,36,524	3 61	7,14,128	18 88	
	1907-08	45,94,779	34,37,279	74 81	1,43,443	3·12	10,14,657	22 07	
	1918-19	60,58,439	42,74,335	70 55	2,94,718	4 86	14,89,386	24·59	
	1925-26	72,88,849	51,05,626	70 03	3,81,324	5 23	18,02,899	24·74	
Calcutta municipal corporation.	1884 85	51,08,496	22,53,968	44 10	..	..	28,54,528	55 90	
	1894-95	45,52,590	25,09,256	55 11	9,400	·02	20,33,934	44·87	
	1907-08	90,18,821	52,87,576	58 64	35,871	39	36,95,374	40 97	
	1918-19	1,23,19,816	68,96,797	55 99	91,878	74	53,31,141	43·27	
	1924 25*	2,25,76,507	1,43,36,062	63 50	2,26,600	1 00	80,13,845	35 50	* Later figures not available.

United Provinces	1884 85	27,35,872	9,28,032	33 08	78,275	2 86	17,28,665	63 16	
	1894-95	45,54,157	28,90,998	63 48	1,35,604	2 98	15,27,555	33 54	
	1907-08	74,15,485	47,87,732	64·56	3,13,760	4 23	23,13,993	31·21	
	1918-19	1,04,50,982	55,39,465	53 00	7,38,225	7 06	41,73,292	39 94	
	1925-26	1,54,02,863	89,90,582	58 37	15,18,886	9 86	48,93,395	31·77	
Punjab	1884-85	27,95,838	9,78,640	35 00	1,66,752	5 96	16,50,446	50 04	
	1894-95	40,65,827	17,77,391	43 72	5,90,529	14,52	16,97,907	41·76	
	1907-08	55,17,554	29,49,278	53·46	5,88,325	10 66	19,79,951	35 88	
	1918-19	70,85,852	36,11,319	50 96	8,46,683	11·95	26,27,850	37 09	
	1925-26	1,27,86,707	71,40,413	55 84	15,98,160	12 50	40,48,134	31 66	
Burma (excluding Rangoon municipal corporation)	1884-85	8,74,165	3,89,629	44 58	1,02,853	11·76	3,81,683	43·66	
	1894 95	16,80,769	11,45,444	68 15	79,670	4·79	4,55,665	27·11	
	1907-08	35,49,678	26,63,162	75 03	1,54,508	4 35	7,32,008	20 62	
	1918-19	42,59,181	30,34,817	71 26	2,73,663	6 42	9,50,701	22,32	
	1924-25*	64,78,299	37,23,517	57 49	4,97,847	7·67	22,56,935	34·84	
Rangoon municipal corporation	1884-85	12,78,431	3,40,041	26 60	72,801	5 69	8,65,589	67·71	
	1894-95	19,59,117	14,36,487	73 32	54,256	2 77	4,68,374	23 91	
	1907-08	35,49,678	25,54,480	71·96	1,68,155	4·74	8,27,035	23 30	
	1918-19	38,51,371	24,38,766	63 32	1,02,032	2 65	13,10,573	34 03	
	1925-26	1,02,40,669	72,26,674	70 57	2,88,500	2 81	27,25,495	26 62	
Bihar and Orissa	1884 85	Formed part of Bengal							
	1894 95								
	1907-08								
	1918-19	33,16,823	26,26,719	79 19	1,69,179	5·10	5,20,925	15 71	
	1925-26	34,85,064	25,82,883	74·11	2,76,962	7 95	6,25,219	17 94	
Central Provinces	1884-85	11,41,861	4,92,770	38 24	56,920	4 98	6,49,091	56 78	
	1894-95	15,31,573	9,43,823	61 62	1,64,756	10·76	4,22,994	27 62	
	1907-08	23,78,955	16,58,281	69 71	2,42,183	10 18	4,78,491	20·11	
	1918-19	40,71,048	21,86,267	53·70	6,14,502	15 08	12,70,279	31·22	
	1925-26	61,80,844	36,37,303	58 85	11,14,920	18 04	14,28,621	23·11	
Assam	1884-85	1,10,626	47,112	42 63	4,222	3 82	59,192	53 55	
	1894-95	1,82,766	1,48,087	81 03	5,765	3 15	28,914	15 82	
	1907-08†	14,54,962	11,60,062	79·73	53,681	3 69	2,41,219	16 58	†Includes Eastern Bengal
	1918-19	5,90,596	4,50,501	76 29	40,351	6 83	99,744	16 88	
	1925-26	9,25,635	6,76,673	77·11	79,079	8·54	1,69,883	18 35	

TABLE X.

Statement showing the ordinary income of rural boards during the years 1889-90, 1894-95, 1907-08, 1918-19 and 1925-26.

Province	Year.	Total income	Principal sources and proportion.						Remarks.
			Taxation.		Government grants		Other beads.		
			Amount.	Proportion to total income	Amount.	Proportion to total income.	Amount.	Proportion to total income.	
		Rs.	Rs.		Rs.		Rs.		
Madras . . .	1889-90	76,53,951	46,78,354	61·15	3,93,033	5·13	25,82,564	33·74	* Excluding tolls on ferries and roads.
	1894-95	89,63,800	54,04,063	60·29	3,17,435	3 54	32,42,302	36·17	
	1907-08	1,56,70,506	72,24,717	46·11	28,42,440	18·14	56,03,349	35·75	
	1918-19	2,52,90,286	85,32,323	33 65	81,14,804	32·18	86,43,159	34·17	
	1925-26	3,29,98,271	1,15,27,471	34 93	1,01,09,901	30 64	1,13,60,899	34·43	
Bombay . . .	1889-90	41,90,458	26,65,965	63 62	4,26,483	10 18	10,98,010	26 20	
	1894-95	45,84,085	25,45,560	55 52	9,68,911	21 14	10,69,614	23 34	
	1907-08	63,69,148	31,50,114	49 50	22,85,657	35 83	9,33,377	14 67	
	1918-19	1,06,12,595	29,92,808	28 20	63,27,030	59 63	12,92,757	12·17	
	1925-26	1,93,69,404	53,22,981	27 54	1,13,53,056	58 72	26,93,367	13·74	
Bengal . . .	1889-90	62,73,403	34,32,574	54 73	10,98,148	17 51	17,42,681	27 79	
	1894-95	66,74,980	35,60,402	53 24	5,02,349	7 61	26,12,236	39 15	
	1907-08	63,40,046	34,06,194	53 72	6 86,113	10 83	22,47,739	35·45	
	1918-19	1,06,87,564	66,18,890	61 97	13,54,968	25 39	13,54,968	12 65	
	1925-26	1,25,64,267	76,24,613	60·70	30,71,530	24 45	18,68,124	14·85	

United Provinces .	1889-90	41,46,437	20,66,879	49 62	13,25,027	32 13	7,54,531	18 25	† Later figures not available.
	1894-95	38,62,172	19,45,239	50 36	12,55,304	32 51	6,61,629	17 13	
	1907-08	78,54,563	35,30,502	44 95	23,85,099	30 35	10,39,162	24·70	
	1918-19	1,34,94,616	68,29,123	50 60	42,59,490	31 54	24,05,994	17 86	
	1924-25†	1,78,68,105	73,61,056	41·19	74,93,240	41 95	30,13,809	16 86	
Punjab .	1889-90	25,99,926	21,03,778	87·18	16,056	50	4,80,092	18 32	
	1894-95	30,50,121	23,09,575	75·73	5,155	·17	7,35,391	24·10	
	1907-08	45,59,322	25,04,269	55 05	10,15,724	22 23	10,39,329	22 72	
	1918-19	94,90,888	41,40,227	43 63	31,97,891	33 69	21,62,770	22 68	
	1924-25†	1,47,19,882	57,59,646	39·13	57,56,433	39·11	32,03,803	21·76	
Burma. . .	1889-90	Rural boards did not exist							
	1894-95								
	1907-08								
	1918-19								
	1925-26	Report not yet received.							
Bihar and Orissa	1889-90	Formed part of Bengal							
	1894-95								
	1907-08								
	1918-19	85,25,417	57,82,829	67 83	18,33,288	21 51	9,09,310	10,66	
	1925-26	30,88,176	76,78,223	58 80	41,75,734	31·80	12,34,219	9 40	
Central Provinces .	1889-90	7,13,571	2,78,995	39 00	79,063	11 00	3,55,513	50 00	‡ Includes Hyderabad Assigned Districts.
	1894 95‡	14,64,204	6,19,710	42 33	2,07,116	14 14	6,37,376	43 53	
	1907-08	23,44,248	8,92,535	38·14	7,23,465	30 84	7,28,348	31 02	
	1918-19	51,13,128	11,67,601	22 80	21,71,928	42 50	17,73,599	34·70	
	1924-25†	65,12,263	21,64,969	33 25	28,71,247	44 20	14,76,047	22 65	
Assam . .	1889-90	12,05,936	5,32,098	44 33	4,95,087	41·25	1,78,751	14 89	
	1894-95	12,10,177	6,40,381	52 92	2,10,492	17 39	3,59,304	29 69	
	1907-08	47,03,158	22,98,453	48 49	15,32,878	32 53	8,71,627	18·58	
	1918-19	21,69,123	9,54,113	43 96	9,01,055	41·53	3,13,955	14 48	
	1925-26	34,83,690	10,65,947	30 61	20,17,127	57 89	4,00,616	11 50	

TABLE XI.

atement showing the ordinary expenditure of rural boards during the years 1889-90, 1894-95, 1907-08, 1918-19 and 1925-26.

Province.	Year.	Total expenditure.	Principal items and proportion. Public Health and convenience (including medical relief). Amount.	Proportion to total expenditure.	Education. Amount.	Proportion to total expenditure.	Other heads. Amount.	Proportion to total expenditure.	Remarks.
		Rs.	Rs.		Rs.		Rs.		
..dras . . .	1889 90	76,41,126	6,87,492	8 99	8,02,251	10·50	61,51,383	80·51	
	1894-95	87,59,474	12,85,033	14 69	11,42,380	13 03	63,32,061	72 28	
	1907-08	1,47,27,450	7,95,874	5 36	19,47,079	13 20	1,19,84,497	81·44	
	1918-19	2,10,04,904	24,36,995	11 60	37,51,242	17·85	1,48,16,667	70 55	
	1925 26	3,14,13,408	30,50,947	9·71	81,06,317	25·81	2,02,56,144	64 49	
..mbay . . .	1889-90	40,32,776	1,70,637	4 22	12,90,679	32·01	25,71,460	66·77	
	1894-95	49,06,471	2,54,167	5 14	15,31,992	31 23	31,20,312	63 63	
	1907-08	62,16,811	3,14,793	5 04	19,99,454	32·16	39,02,564	62 80	
	1918-19	1,04,33,813	6,66,478	6 30	53,49,028	51 30	41,18,307	42·40	
	1925-26	1,73,48,153	9,82,187	5 64	97,80,077	56 41	65,85,889	37 95	
..ogal . . .	1889-90	61,72,240	42,546	68	10,04,140	16·25	51,25,554	83·07	
	1894-95	66,77,267	1,51,212	2 25	11,28,359	16 88	53,96,996	80 87	
	1907-08	66,33,751	4,06,096	6·12	11,70,390	17 65	50,57,265	76 23	
	1918-19	1,02,37,988	9,88,214	9 50	26,58,047	26 05	65,91,727	64·45	
	1925-26	1,26,47,871	20,23,881	16 10	30,46,809	24·19	75,77,391	59·71	

United Provinces	1889-90	40,17,467	4,47,945	11·14	11,70,401	20·13	23,09,121	50 73	
	1894-95	37,93,466	5,26,078	13 04	12,87,107	33 03	19,80,281	52·13	
	1907-08	74,81,076	8,30,464	11·10	27,25,349	36 43	29,25,263	52 47	
	1918-19	1,15,96,823	15,66,184	13 40	39,90,001	34 35	60,31,638	52 25	
	1924-25*	1,77,89,303	23,21,614	13 05	86,60,881	48 69	68,06,778	38 26	* *Later figures not available.*
Punjab	1889-90	25,45,435	2,91,391	11·74	5,08,342	10 55	17,45,702	68·71	
	1894-95	29,55,371	3,50,062	11·85	6,30,054	21 33	19,74,355	66 82	
	1907-08	47,75,371	5,90,171	12·34	11,41,599	23 89	30,43,601	63·77	
	1918-19	81,42,719	8,59,310	10 54	28,80,846	35 38	44,02,563	54 08	
	1924-25*	1,40,79,455	16,98,431	12 06	62,18,968	44 18	61,62,056	43·76	
Burma	1889-90			Rural boards did not exist.					
	1894-95								
	1907-08								
	1918-19								
	1925-26			Report not yet received.					
Bihar and Orissa	1889-90			Formed part of Bengal.					
	1894-95								
	1907-08								
	1918-19	77,70,053	8,05,491	10·37	15,88,090	20·44	53,76,472	69·19	
	1925-26	1,34,68,324	17,02,855	12 64	36,63,325	27·20	81,02,144	60·16	
Central Provinces	1889 90	7,42,738	50,822	6 66	1,73,456	23·33	5,18,460	70 01	
	1894-95	15,74,999	79,538	5 05	4,83,713	30 71	10,11,748	64·25	
	1907-08	25,01,540	2,44,627	9 80	7,52,370	30·10	15,01,543	60·10	
	1918-19	48,48,814	2,64,174	15 41	16,81,834	34 69	29,02,806	59 90	
	1924-25*	65,39,011	4,55,892	6 97	25,49,368	38 98	34,86,422	54 05	
Assam	1889-90	11,34,568	35,521	3·10	1,52,197	13·30	9,46,850	83 60	
	1894-95	12,86,563	71,871	5 50	1,81,812	14 10	10,32,880	80 40	
	1907-08	45,25,809	3,27,224	7 21	13,66,570	30 20	28,32,006	62 59	
	1918-19	20,34,024	3,00,462	14 67	7,95,673	39·15	9,38,789	46·18	
	1925-26	32,75,510	5,14,933	15 72	10,46,409	31·94	17,14,168	52·34	

TABLE

Statement showing income of municipalities in India from principal

Province	Year	Total income from all taxes	Incidence of taxation per head of population	Octroi. Amount.	Octroi. Proportion to total income from taxation.	Terminal tax and toll. Amount	Terminal tax and toll. Proportion to total income from taxation.	Tax on houses and lands. Amount.	Tax on houses and lands. Proportion to total income from taxation.
		Rs	Rs. A. P.	Rs.		Rs.		Rs.	
Madras (excluding Madras municipal corporation).	1884-85	10,05,187	0 12 0	..	..	..	..	4,27,803	42 55
	1894-95	14,45,983	0 13 9	..	..	..	..	6,79,473	46 99
	1907-08	23,62,438	1 3 9	..	..	..	..	10,71,221	45 34
	1918-19	44,17,716	1 15 0	..	..	..	..	18,66,293	42 25
	1925-26	70,10,632	2 3 3	..	..	..	..	27,68,430	39 49
Bombay (excluding Bombay municipal corporation)	1884-85	23,13,048	1 3 5	14,66,079	63 38	..	..	2,69,105	11 63
	1894-95	37,84,006	1 10 8	23,34,888	61 69	..	..	5,39,286	14 23
	1907-08	45,14,969	1 14 9	21,20,651	46 94	..	..	7,44,751	16 50
	1918-19	77,36,710	3 4 1	19,80,355	25 60	14,28,124	18 46	12,54,742	16 22
	1925-26	1,53,09,561	5 11 6	28,21,582	18 44	34,85,854	22 77	26,81,469	17 52
Bengal (excluding Calcutta municipal corporation)	1884-85	19,47,414	0 12 0				..	11,35,590	58 32
	1894-95	23,13,495	0 13 7		..	..	..	8,16,912	35 28
	1907-08	34,67,065	1 7 5	22,344	0 64	..	..	13,37,442	38·58
	1918-19	51,33,100	2 9 1			..	.	18,87,170	36 77
	1925-26	62,11,862	3 1 5			..		22,58,299	36 36
United Provinces	1884-85	19,52,250	0 10 1	16 35,772	83 80	..	..	23,904	1 22
	1894-95	33,97,726	1 0 7	27,73,166	81 63	..	..	1,09 623	3 22
	1907-08	50,10,603	1 9 9	36,01,569	71 90	3,60,555	7 20	2,53,138	5·06
	1918-19	66,71,875	2 3 0	37,43,355	56 04	5,96 905	8 96	5,29,636	7 95
	1925-26	1,01,80,680	3 7 7	39,45,002	38 74	24,73 091	24 29	9,05,139	8 89
Punjab	1884-85	23,72,034	1 1 8	22,60,160	95 35	..	..	93,400	3 92
	1894-95	31,27,694	1 13 5	29,22,656	93 46	..	..	1,44,724	4 63
	1907-08	40 03,618	1 14 9	35,80,668	89 42	..	..	2,84,470	7 14
	1918-19	49,11,581	3 5 6	42,97,596	87 50	1,07,832	2 29	3,72,372	7 59
	1925-26	75 68,183	4 2 7	34,95,719	46 19	30,48,868	40 29	6,06,868	8·02
Burma (excluding Rangoon municipal corporation)	1884-85	6,30,197	*1 1 0 †3 11 0	..	.	..	..	3,32,843	52 82
	1894-95	6,12,925	*0 13 5 †1 1 0	.	..	..	..	4,31,093	70·35
	1907-08	13,60,809	1 15 7	.	.	..	..	6,52 168	47 94
	1918-19	19 99 462	2 14 1	.	..	..	..	8,16,104	40·67
	1924-25‡	30,02,720	3 11 1	..	..	.	..	13,63,105	45 40
Bihar and Orissa	1884-85							Figures included	
	1894-95								
	1907-08								
	1918-19	18 38,150	1 8 9	57,123	3 10	..	..	7,71,231	41 97
	1925-26	24 82,309	2 2 0	41,881	1 64	..	..	9 97,026	40 19

* For Upper Burma.
† For Lower Burma.
‡ Later figures not available.

XII.

taxes during 1884-85, 1894-95, 1907-08, 1918-19 and 1925-26.

Tax on animals and vehicles.		Tax on professions and trades		Water rate.		Conservancy rate		Tax on circumstances and property		Other taxes, e g., Servants tax, Pilgrim tax, Dog tax.	
Amount	Proportion to total income from taxation	Amount	Proportion to total income from taxation	Amount	Proportion to total income from taxation	Amount	Proportion to total income from taxation	Amount	Proportion to total income from taxation	Amount	Proportion to total income from taxation
Rs		Rs.		Rs		Rs		Rs		Rs.	
68,663	6 53	1,45,894	14·61	..	..					3,62,827	36 19
1,62,084	11 21	2,41,742	16 72	16,944	1 17					3,55,740	23 91
2,09,233	11 35	2,22,763	9 42	3,29,628	13 95					4,70,393	19 99
3,73,404	8 45	3,32,792	7 53	8,93,701	20 23					9,51,526	21 54
5,75,660	8 21	7,28,397	10 39	12,38,986	17 68				-	16,99,150	24 23
82,815	3 58	5,815	0 25	.		1,71,967	7 43			32,717	14 14
1,00,796	2 67	9,268	0 24	2,11,928	5 60	2,37,169	6 26			3,52,571	9 31
1,45,853	3 24	15,942	0 35	6,97,775	15 46	3,47,706	7 71			4,42,201	9 79
2,69,893	3 48	17,400	0 22	16,00,852	20 70	5,84,048	7 54	.	.	6,01,296	7 77
5,03,476	3 28	54,847	0 35	33,10,954	21 63	18,38,112	8 74	.		11,13,267	7 27
1,72,926	8 87	131	006			2,75,111	14 13	2,23,307	11 47	1,40,349	7 20
1,88,265	8 14	36,317	1 56	44,920	1·95	4,50,747	19 50	.	..	7,76,324	33 57
2,83,510	6 73	59,823	1·72	3,65,656	10 54	8,02,987	23 17			6,45,303	18 62
2,36,452	4 60	1,19,119	2 32	8,44,102	16 44	12,81,774	24 98		.	7,64,483	14 80
2,54,916	4 13	1,37,050	2 20	10,70,630	17 87	16,21,868	26 10			8,60,101	13 84
12,600	0 64	1,29,449	6 64			14,222	0 72	49,014	2 51	87,229	4 47
45,756	1 34	1,46,445	4·32	1,82,026	6 36	19,318	0 56			1,21,392	3 67
52,873	1 01	1,63,142	3 20	3,02,482	6 04	44,207	0 89	31,631	0 62	2,01,157	4 02
1,13,472	1 72	1,55,923	2 34	7,28,987	10 93	94,226	1 42	3,72,981	5 60	3,36,300	5 04
1,79,650	1 75	1,29 928	1 27	1,39,818	13 66	1,32,886	1 35	2,79,429	2·74	7,43,747	7 33
2,350	0 08			898	0 02	14,001	0 58			1,225	0 05
33,437	1 07	978	0 03	3,197	0 10	5,595	0 17			17,007	0 54
49,546	1 23			46,714	1 16	6,900	0 17			35,320	0 86
14,032	0 28	18,563	0 37	6,813	1 37	4,171	0 08			30,152	0 01
1,02,418	1 35	7,721	0 10	1,94,029	2 57	11,248	0 14	50,040	0 66	51,572	0 68
41,191	6 53	.		72,032	11 43	84,807	13 45			99,324	15 77
34,067	5 56	3	·0004	13,154	2 11	42,599	6 96			92,009	15 02
48,113	3 53			1,07,537	7 90	2,29,119	16 83			3,23,872	23 80
80,300	4 01			1,81,277	9 26	4,30,301	21 50			4,91,460	24 56
98,369	3 27	8,500	0 29	2,44,931	8 16	5,55,177	18 49			7,32,636	24 40
In those for Bengal											
1,38,335	7 53	27,427	1 49	1,31,745	7 16	4,45,560	24 23			2,66,709	14 50
2,09,584	8 46	47,042	1 82	2,69,087	10 81	6,35,154	25 60			2,83 533	11 44

Statement showing income of municipalities in India from principal

Province	Year	Total income from all taxes	Incidence of taxation per head of population	Octroi		Terminal tax and toll		Tax on houses and lands.	
				Amount	Proportion to total income from taxation.	Amount	Proportion to total income from taxation	Amount.	Proportion to total income from taxation.
		Rs	Rs A. P	Rs		Rs		Rs	
Central Provinces including Berar (Hyderabad Assigned District)	1884-85	7,84,979	(a) 1 1 0 (b) 0 5 6	6,69,720	85 34	..	..	19,039	2 42
	1894-95	10,28,951	(a) 1 5 5 (b) 0 9 9	7,13,042	69 31	..	.	32,947	3 20
	1907-08	14,31,150	1 9 6	8,10,852	56 63	..	.	76,454	5 32
	1918-19	23,47,437	2 8 7	10,02,641	42·73	2,02,316	8 61	1,49,060	6 34
	1925-26	38,89,569	2 15 9	13,49,019	34 69	8,40,534	21·62	1,22,041	3 13
Assam	1884 85	47,640	0 11 3		.	.	..	29,601	62 08
	1894-95	93 885	1 2 10		.	..	.	44 519	47 43
	1907-08	9,18,603	1 7 5			.	.	2,79,792	30 46
	1918 19	3 67,777	2 12 11				.	1,22,233	33 25
	1925-26	5 56 930	3 5 5			.	.	1,68,244	30 21
Madras municipal corporation	1884-85	8 08 021	1 5 10	.	..	..	.	3,84,993	47 66
	1894 95	9,67,693	2 2 2	—29,794	..	..		5,35 329	55 32
	1907-08	13,91,670	1 0 5	..	..	..		6,26,964	45 05
	1918 19	24 95,635	4 13 0	..	..	..	..	11,17 456	44 83
	1925-26	40,33,826	7 10 6	..	..	..	..	16,19,733	40 10
Bombay municipal corporation	1884-85	42,10 446	3 14 4)	10,32,887	24 52	..	..	..	..
	1894-95	55,78,310	6 12 7	12 29,047	22 03	..	.	18,54,711	33 32
	1907-08	84 60,424	8 11 10	18 34,455	21 68	..	..	31,13,846	36 80
	1918 19	1,53 91,971	15 11 0	23,40,592	15 20	..	..	75 04 012	44 76
	1925 26	*2,72,51,808*	*25 2 10*	*29,46,768*	*10 81*	.	..	*1,29,75,515*	*47 25*
Calcutta municipal corporation	1884-85	25 65 027	6 6 6	.	..	..	.	9 99,552	38 96
	1894 95	45,97,368	6 4 11		..	..	.	16 93 235	41 33
	1907-08	64 01,137	7 14 4	.	..	..	..	26,78,023	41 84
	1918-19	1 02 86 904	1 10 2	.	..	.	..	51 62 960	50·19
	1924 25	1,57,78,474	14 10 4		..	..	..	1,40,92 259¶	89 33
Rangoon municipal corporation	1884 85	4 48 978	3 5 6	..	..	..	..	2 04 809	45·62
	1894 95	6 88 929	3 12 9	.	..	..	.	2 68 218	38 63
	1907-08	26 18,481	11 13 5	..	..	..	..	11,61,789	44 34
	1918-19	34 36 236	12 2 1	..	..	..	..	11,49 999	33 29
	1925-26	56 84 940	16 15 4	..	..	..	..	19 47 203	34 23

(a) For Central Provinces proper
(b) For Hyderabad Assigned Districts.
¶ Including water rate

XII—*contd.*

taxes during 1884-85, 1894-95, 1907-08, 1918-19 and 1925-26—contd.

Tax on animals and vehicles.		Tax on professions and trades		Water rate		Conservancy rate.		Tax on circumstances and property.		Other taxes, e g., Servant tax, Pilgrim tax, Dog tax.	
Amount.	Proportion to total income from taxation.	Amount	Proportion to total income from taxation	Amount	Proportion to total income from taxation	Amount	Proportion to total income from taxation	Amount	Proportion to total income from taxation	Amount	Proportion to total income from taxation.
Rs		Rs		Rs		Rs		Rs		Rs	
11,188	1 42	16,118	2 05		..					68,915	8 77
1,918	0 18	61,912	6 01	69,280	6 73	98,799	9 61			51,053	4 96
47,172	3 27	54,028	3 75	1,64,909	11 51	1,76,918	12 35	..		1,02,817	7·17
64,174	2 73	57,522	2 45	3,78,038	16 11	3,05,649	13 02			1,88,040	8 01
93,412	2 40	86,676	2 22	5,52,026	14 19	4,68,046	12 04			3,77,815	9 71
1,596	3 36	..		1,673	3 06					14,770	31 00
5,544	5 90	..	..	10,942	11 65	14,137	15 06			18,743	19 96
61,638	6 70	16,980	1 84	32,035	3 18	2,53,273	27 59	2,04,041	22 21	70,844	7 71
19,114	5 20	921	0 26	70,565	19 16	1,00,322	27 28	28,421	7·73	26,201	7 12
46,053	*8 26*	*1,304*	*0 24*	*1,06,713*	*19 16*	*1,42,529*	*25 60*	*39,867*	*7 16*	*52,200*	9 37
52,349	6 49	70,053	8 66	1,46,885	18 17					1,53,741	19 02
74,398	7 68	67,318	6 95	2,10,205	21 73					1,10,178	11 38
93,739	6 73	1,13,693	8 16	78,326	5 65					4,78,948	34 41
1,24,092	4 95	2,14,723	8 58	7,26,347	29 12					3,13,017	12 52
2,16,522	5 36	1,62,363	4 02	10,83,927‡	26 62					9,51,280	23 58
									.	31,77,959	75 46
3,40,710	6 10	67,241	1 20	13,85,632	24 83	6,81,557	12 21			15,372	0 27
4 06,925	4 80	89,132	1 05	19,46,225	23 03	10,46,874	12 36			22,967	0 27
5,80,140	3 76	1,36,198	0 88	29,72,461	19 32	18,34,068	11 92			24,500	0 10
12,21,660	4 49	1,37,569	0 51	64,93,447	23 83	31,79,773	11 67			3,07,026	1 44
1,49,681	5 84	2,64,289	10 31	4,15,440	16 19	1,96,910	7 68			5,39,155	21 02
2,16,638	5 29	3,43,613	8 38	10,69,443	26 10	4,17,934	10 20			3 56,483	8 70
2,72,923	4 26	5,78,244	9 04	16,88,564	26 38	6,19,589	9 68			5,63,794	8 70
1,99 962	1 94	8 82 653	8 58	23,43,372	22 79	8,76,577	8 52		.	8,21,380	7 93
3,43,373	*2 17*	*12,66,175*	*8 02*			*76,667*	*0 48*			.	..
16,329	3 63	..	.	72,033	16 04	84,808	18 88		.	70,999	15 81
309	0 04	.	.	1,80,077	26 13	1,86,916	27 51		..	55 419	8 04
2,675	0 10	.	.	5,58,799	21 34	7,77,263	29 68		..	1 17,975	4 50
34,629	1 001	.	..	8,65,203	25 03	11,68,246	33 80	.	..	2,38,159	6 84
74,076	1 30		.	13,69,059	24 07	19,02,239	33 44	..	..	3,96,402	6 96

‡ Including conservancy rate.

TABLE XIII.

Statement showing income of rural boards in India from principal taxes during the years 1889-90, 1894-95, 1907-08, 1918-19 and 1925-26.

Province	Year	Total income from principal taxes	Incidence of taxation per head of population	Land Revenue. Amount.	Land Revenue. Proportion to total income from principal taxes.	Local rates Amount.	Local rates Proportion to total income from principal taxes.	Tolls on ferries and roads. Amount	Tolls on ferries and roads. Proportion to total income from principal taxes
		Rs	Rs A P	Rs		Rs		Rs	
Madras	1889-90	46,78,354	0 2 7	..	.	46,78,354	100	.	..
	1894-95	54,04,063	0 2 7	1,17,176	2 17	52,86,887	97 83	.	..
	1907-08	85,16,335	0 3 3	1,43,763	1 69	70,80,954	83 14	12,91,618	15 17
	1918-19	1,13 01,796	0 4 2	12,42,857	11 00	72,89,466	64 5	27,69,473	24 5
	1925-26	1,49,02,163	0 4 9	15,17,053	10 18	1,00,10,418	67 17	33,74,602	22 65
Bombay	1889-90	26,65,965	0 2 9	..	.	26,65,965	100	..	..
	1894 95	25,45,560	0 2 6	12,735	5	25,32,825	99 9	.	..
	1907-08	35,36,365	0 2 10	1,03,872	2 94	30,46,242	86 14	3,86,251	10 92
	1918-19	33,61,851	0 2 7	3,90,800	11 62	26,02,008	77 40	3,69,043	10 98
	1925-26	58,47,857	0 5 1	4,38,760	7 50	48,84,221	83 52	5,24,876	8 98
Bengal	1889-90	34,32,574	0 0 11	.	.	34,32 574	100		.
	1894 95	35,60,402	0 1 0		.	35,60,402	100	.	..
	1907-08§	37,47,312	0 1 2		.	34,06,194	90 9	3,41,118	9 1
	1918-19	70,75,358	0 2 6	7,334	·10	66,11,556	93 45	4 56,468	6 45
	1925-26	81,24,921	0 2 9	23,539	29	76,01,074	93 55	5,00,308	6 16
United Provinces	1889 90	20,66,879	0 0 9	.	.	20,66,879	100		..
	1894-95	19,45,239	0 0 8	54,711	2 81	18,90,528	97 19	.	..
	1907-08	40,09,834	0 1 2	15,661	·39	35,14,841	87 66	4,79,332	11 96
	1918-19	72,89,927	0 2 4	36,757	·50	67,92,366	93 18	4,60,804	6 32
	1924-25*	79,46,467	0 2 9	38,480	·49	73,22,576	92 15	5,85,411	7 37
Punjab	1889-90	21,03,778	0 2 0	..	..	21,03,778	100	..	.
	1894-95	23,09,575	0 1 11	..	..	23,09,575	100	..	..
	1907-08	26,71,451	0 2 3	..	..	25,04,269	93 74	1,67,182	6 26
	1918-19	41,40,227	0 4 7	2,423	·06	41,37,804	99 94	..	..
	1924-25*	57,61,117	0 4 11	28,234	·49	57,31,412	99 45	1,471	·03
Burma	1889-90	Rural boards were not in existence.							
	1894 95								
	1907-08								
	1918-19								
	1925-26	Report not received yet.							
Bihar and Orissa	1889-90	Formed a part of Bengal							
	1894-95								
	1907-08								
	1918-19	60,45,400	0 3 0	22 615	38	57,60 214	95 28	2,62,571	4 34
	1925-26	80,74,594	0 3 10	267	·003	76,77,956	95 098	3,96,371	4 909
Central Provinces including Berar (Hyderabad Assigned Districts)	1889-90	2,78,995	0 0 6	..	..	2,78,995	100	.	..
	1894 95	6,25,281	0 0 6† 0 1 9‡	5,571	9	6,19,710	99 1	..	..
	1907-08	9,39,197	0 1 4	.	.	8,92 535	95·03	46,662	4·97
	1918-19	12 64,414	0 1 5	.	..	11,67,601	93·08	86,813	6 92
	1924 25*	22,69,768	0 2 5	25,667	1 13	21,39,302	94 25	1,04,799	4 62
Assam	1889-90	5,32 098	0 1 8	.	.	5,32,098	100	..	..
	1894 95	6,40,381	0 2 1	.	.	6 40,381	100	.	..
	1907 08§	26 59,590	0 1 3	25,422	·96	22,71 031	85 39	3,63 137	13 65
	1918-19	10,83 406	0 2 4	58,469	5 40	8,95 645	82 67	1,29,293	11 93
	1925-26	12,36,739	0 2 3	85 641	6·93	9,80,306	79 27	1,70,792	13 81

* Later figures not available.
† For C. P. proper
‡ For Hyderabad Assigned Districts.
§ Including Eastern Bengal

TABLE XIV.

Statement showing the number, income and expenditure of village authorities in India.

Province.		Number in *1926.*	Income in *1925-26.*	Expenditure in *1925-26.*	Remarks.
			Rs	Rs.	
Madras	Village panchayats	933	Information	not available	
	Union boards	484	22,03,048	20,62,571	
Bombay		227*	4,23,328†	3,18,865†	* Figure for 1925. Later figures not available. † Excluding Bombay Suburban division and Sind wherein there are no panchayats.
Bengal	Union boards	2,260	*44,19,579*	*44,10,918*	
	Union committees	159	82,776	80,941	
United Provinces		4,772‡	1,97,000	Information not readily available.	‡ Figure for 1927. Expenditure from panchayat funds is reported to be much less than income but is supplemented by provincial grants
Punjab		323	13,648	7,246	
B. & O.	Union boards	150	55,625	43,210	
	Panchayats	120	1,673	408	
Central Provinces		80	16,868	16,499	
Assam		239	74,677	70,853	

NOTE.—There are no village panchayats in Burma

MEMORANDUM ON THE PROGRESS OF EDUCATION IN BRITISH INDIA BETWEEN 1916 AND 1926.

TABLE OF CONTENTS.

PART I.

PART II.

Statistical Tables.

PART I.

CHAPTER I.—INTRODUCTION.

The facts and figures given in the following chapters cover a period of five years prior to 1921, the year 1921 and the five years subsequent to 1921. The division of the eleven years from 1916 to 1926 into two distinct periods has, it is
of education in the five
the Reforms with its gr
of education in both periods has necessarily been made very brief and consists largely of a comparison of the figures for the number of institutions and scholars in the years 1916, 1921 and 1926. It has not, however, been possible in all cases to obtain accurate or corresponding figures for the years 1916 and 1921 and in consequence a comparison of the years 1917 and 1922 has, in some instances, been substituted, but the occasional variation in the pivotal years has naturally not affected to any appreciable extent the general picture of expansion or the summary of the trend of events in either period.

In all the chapters the total figures for India include figures for the directly administered areas but exclude the figures for the Indian States. As explained, however, in the chapter on Primary Education, the figures for the directly administered areas are so small as not to influence one way or the other any deductions regarding the Governors' Provinces which may be made from the total figures In all cases, except where otherwise stated the figures given in the memorandum refer to recognised institutions only. It has not been considered necessary or desirable to include any account of the work of unrecognised institutions, since the great majority of such institutions are religious in character and teach no part of the general school course. In order, however, to be able to appreciate the relative number of recognised and unrecognised institutions the following total figures for British India are given :—

	1916	1921	1926.
Recognised Institutions	151,201	172,552	203,097
Number of scholars . . .	6,983,208	7,774,692	9,892,703
Unrecognised Institutions .	38,047	33,606	34,726
Number of scholars . .	634,288	601,974	621,618

The figures for expenditure given in the memorandum, unless otherwise stated, relate to direct expenditure only. Direct expenditure includes all expenditure on education other than expenditure on Direction, Inspection, Universities, Buildings, Equipment, Scholarships, Hostel Charges and other contingent charges. In estimating the cost of education generally and the cost of particular classes of education reference has been made to the expenditure from "other sources" The term "other sources", in this connection, includes income from endowments, subscriptions, contributions, etc.

In attempting to present an accurate statistical picture of the position in each of the Provinces difficulties are constantly arising owing to differences in classification some of which are explained in the chapters on primary and secondary education In recent years the All-India Educational Tables have classified recognised educational institutions so as to include Universities, Arts Colleges Professional Colleges, High Schools, Middle Schools, Primary Schools and Special Schools, Middle schools being subdivided into English and Vernacular schools. But for the purposes of this memorandum all high and middle schools have been classified as secondary schools It has, however, to be remembered, as has been pointed out elsewhere, that while in some provinces, such as Madras and Bombay, middle schools are actually incomplete secondary schools, in other provinces such as the Punjab and the United Provinces, vernacular middle schools are really only upper primary schools. It may be further noted that in the United Provinces Intermediate Colleges are classified as secondary schools, whereas in other provinces they are classified as colleges The classification 'Special Schools" includes Art Schools, Law Schools Medical Schools, Training Schools for teachers, Engineering Schools Technical and Industrial Schools Commercial

Schools, Agricultural Schools, Reformatory Schools, Schools for Defectives, Schools for Adults and other schools. Under "other schools" are included schools for oriental study, which teach no part of the secular school course and, in some provinces, music schools, sessional schools, part-time schools and night schools, though the classification is not uniform in all the provinces. The indigenous schools for oriental and religious study, which also teach a part of the general school curriculum, are with few exceptions classified as primary schools and include Maktabs, Mulla schools, Koran schools, Tols and Pathshalas. Briefly stated Maktabs, Mulla schools and Koran schools are Muhammadan schools with Islamic teaching and Tols and Pathshalas are Hindu schools with Sanskrit teaching.

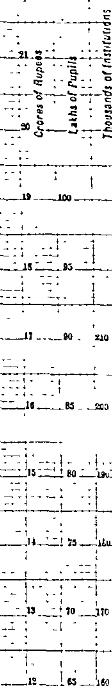
All recognised institutions are divided into publicly managed and privately managed schools. Publicly managed schools are those under the direct management of Government or of Local or Municipal Boards. Privately managed schools, both aided and unaided, are managed by mission bodies, by associations or by private individuals.

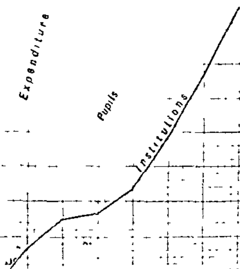
The memorandum does not pretend to give a complete history or picture of all forms of educational activity in British India, nor has it attempted to discuss the character of the education imparted or the teaching methods employed. It has, on the other hand, been purposely limited to an account of the expansion of educational facilities ordinary as well as vocational and technical, for the people of India as a whole, and for members of particular communities. It will perhaps be appreciated that such an account, dealing with education in nine provinces over a period of eleven years and compressed into a necessarily brief space as possible, must naturally appear largely statistical in character and must exclude much descriptive detail.

Chapter II.—The Evolution of Educational Policy in British India.

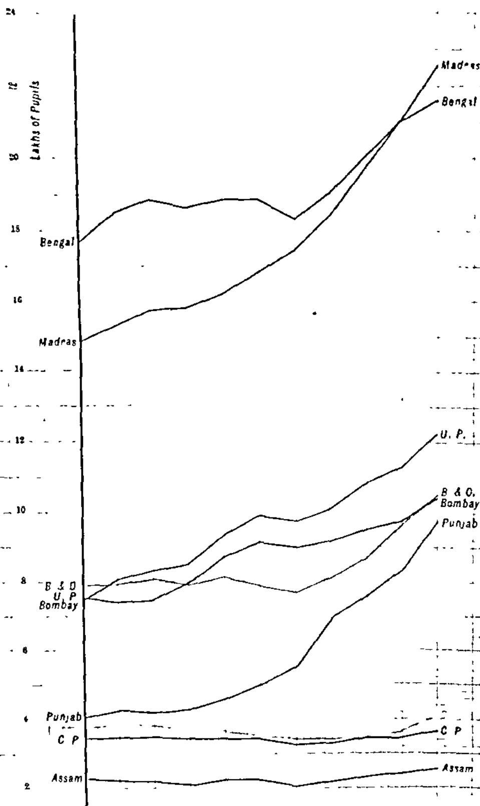
Prior to 1813, in which year the East India Company first became partially responsible for the control and maintenance of educational institutions, there was no uniform or settled system of education in India. There were, however, recognised seats of Sanskrit and Arabic learning and large numbers of indigenous institutions, of an elementary type, such as Tols, Madrassas, Pathshalas and Maktabs, the efficiency of which varied with the nature of the private support extended to them. Education in all these institutions was largely religious in character and schools were in most cases attached to mosques and shrines The higher education of Muhammadans and Hindus was, of its kind, fairly well provided for in well known centres of learning where Pandits expounded Sanskrit grammar, logic, philosophy and law and Arabic and Persian scholars taught grammar, logic, literature and science. But the village schools imparted a very rudimentary form of education and the education of girls was almost entirely neglected.

pupils in them and total Expenditure on them.





Graph showing the progress in the number of scholars in Recognised Institutions in the nine Governors' Provinces.



The East India Company did not at first assume any direct responsibility for education but individual officers of the Company and Christian Missionaries began at an early date to found educational institutions and to give their support to private enterprise The interest of the officers of the Company was, however, almost entirely devoted to the advancement of oriental learning and traditional methods of instruction were supported rather than interfered with. Notable examples of the efforts of individuals were the founding of the Calcutta Madrassa by Warren Hastings in 1781 and the establishment of a Sanskrit College at Benares in 1792 by Jonathan Duncan, the British Resident. The Calcutta Madrassa, which was for some time financed by the Governor-General himself was intended for the study of Arabic and Persian and the Sanskrit College at Benares was "designed to cultivate the literature and religion of the Hindus".

By the end of the 18th Century members of Parliament and British officials in India were becoming more and more alive to the necessity for the adoption of a systematic policy in the matter of education and to the fact that the Company must sooner or later shoulder responsibility for the same

In 1792 Charles Grant, a servant of the East India Company, wrote a treatise on the improvement of the morals of Asiatic subjects and later submitted it to the Court of Directors and in the same year Wilberforce carried a resolution in Parliament to the effect that "it is the peculiar and bounden duty of the British Legislature to promote, by all just and prudent means, the interest and happiness of the inhabitants of the British dominions in India and that for these ends such measures ought to be adopted as may gradually tend to their advancement in useful knowledge and to their religious and moral improvement".

From the point of view of future developments the most interesting portion of Grant's treatise was the declaration in favour of the English lan [illegible]

of [illegible]

state of learning and recommended that two new colleges for Hindus and two for Muhammadans, with public libraries attached, be opened and that grants be paid to distinguished teachers for instruction imparted at their homes Two years later, mainly at the instigation of Wilberforce, when the Company's Charter was renewed by the Act of 1813, a clause was inserted in the Charter which made provision for the giving of regular assistance to education from public funds and which empowered the Governor-General to set apart the sum of one lakh in each year for "the revival and improvement of literature and the encouragement of the learned natives of India and for the introduction and promotion of a [illegible]

1813 the Court of Directors issued their first educational despatch in 1814 which announced the sanction of the grant and discussed its disposal.

Once the principle of regular state aid had been established, some organisation was necessary to initiate and control development and to disburse grants and this was in part provided for by the establishment of General Committees of Public Instruction for Bengal (1823) and Madras (1826) and later by the creation of a Board of Education in Bombay (1840). It was not in fact until the year 1824, after surveys had been made of the state of education in Bengal and Madras, that the grant sanctioned in 1813 was fully appropriated for the purposes for which it was allotted, but in the years subsequent to 1823 far larger sums than the stipulated one lakh were annually granted. Meanwhile private enterprise had been active in establishing new institutions and the period 1792 to 1835 witnessed a struggle for supremacy between those who advocated the development of education on the traditional oriental lines and those who demanded a more modern form of culture, with instruction in the vernaculars and in English. The former included many prominent officers of Government and for a time the Government itself appeared to favour the "Orientalists"; while the latter included missionaries, advanced Indian thinkers, like Raja Ram Mohan Roy, and a few officials of Government. The gradual disuse of Persian as the language of judicial and revenue proceedings, the growing need for public servants with a knowledge of the English language and the foundation of privately managed and mission managed institutions for the promotion of the vernaculars and of English all helped to pave the way for the ultimate acceptance of the principles laid down by Lord Macaulay in his well-known minute of 1835. The essence of his minute was contained in his recommendations "to form a class who may be interpreters between us and the millions whom we govern"; to leave it to that class "to refine the vernacular dialects of the country, to enrich these dialects with terms of science borrowed from the Western nomenclature, and to render them by degrees fit vehicles for conveying knowledge to the great mass of the population" [illegible]
the Presidencies of For [illegible]
language might be wel [illegible]
Governor-General, in a resolution published the same year, endorsed Macaulay's views and directed that the funds of Government should be employed to promote the knowledge of European literature and science. The Resolution further indicated that the oriental institutions already in existence would be retained, but that no stipends would in future be given to students attending them. Though this Resolution marked [illegible]

Lord Auckland, however, who had succeeded Lord Bentinck as Governor-General, reviewed the whole situation in his minute of 1839 and decided that "although English was to be retained as the medium of the higher instruction in European literature, philosophy and science, the existing oriental institutions were to be kept up in full efficiency and were to receive the same encouragement as might be given to the students at

at English institutions. Vernacular instruction was to be combined with English, full choice being allowed to the pupils to attend whichever tuition they might individually prefer ".

After 1835 the establishment of Government schools and colleges progressed rapidly. Inspectors were appointed in Bengal and Bombay and the State's responsibility for education was increasingly recognised until in 1854, by a Despatch of the Court of Directors, the organisation and control of education became the definite duty of Government.

In this despatch the Court of Directors announced their decision that in future the Government should actively assist in the more extended and systematic promotion of general education in India and prescribed the following measures for carrying out this policy —the constitution of a separate department for the administration of education, the institution of universities at the Presidency towns, the establishment of institutions for training teachers for all classes of schools, the maintenance of the existing Government Colleges and high schools and the increase of their numbers when necessary; the establishment of new middle schools, increased attention to vernacular schools for elementary education and the introduction of a system of grants-in-aid The despatch further expressed sympathy for the cause of female and Muhammadan education, recommended the institution of a comprehensive system of scholarships to connect all grades of the educational system advocated the opening of schools and colleges for technical instruction, indicated the necessity for the creation of a trust-worthy body of public servants, and laid stress on a policy of perfect religious neutrality.

The policy laid down by the despatch of 1854 was confirmed, after the passing of the East India Company, by a despatch of the Secretary of State in 1859. The latter despatch also reviewed the progress made since the despatch of 1854 and advocated the adoption of further steps for the promotion of elementary education, including the levy of a special rate on the land to provide adequate means for financing vernacular education.

Events have occurred since 1859 to modify the policy laid down by the despatches of 1854 and 1859 but no large change has taken place in the system outlined in those despatches.

The years immediately subsequnt to 1854 witnessed the establishment of Departments of Public Instruction in all the provinces the founding of the Universities of Calcutta, Madras and Bombay and a rapid growth in the number of schools and colleges all over India.

In 1882 an Educat[illegible]
Commission reviewed [illegible]
detailed recommendat[illegible]
from the acceptance b[illegible]
sion's recommendations. In the main the Commission's report endorsed the findings of the despatch of 1854 and merely outlined proposals for the further carrying out of the principles of that despatch.

The recommendations of the Commission which have had the most effect on subsequent Government policy were those concerned with the need for a more extensive programme of expansion in primary education, the development of the grant-in-aid system, the control of primary schools by local bodies and the stimulation of private enterprise in school management in preference to direct Government control.

The acceptance of these recommendations, coupled with the announcement of policy made in the Resolution of 1884 issued by Lord Ripon's Government and the local self-Government acts of 1883 to 1885, paved the way for a gradual devolution of the management of Government schools upon Municipalities and District Boards.

Until the year 1900 there were no further events which led to any material modifications in the policy laid down in 1884. But in 1900 the Secretary of State drew the attention of the Government of India to the necessity for the continuance of Government control, guidance and assistance in higher education and for the maintenance of a number of Government schools and in 1901 Lord Curzon summoned an educational conference which was followed by the appointment of the Indian Universities Commission of 1902, the passing of the Indian Universities Act of 1904 and the publication of the Government of India's resolution on Indian Educational Policy in March 1904.

The Resolution of 1904 was comprehensive in character and reviewed the state of education in all its departments. In regard to collegiate education the Resolution announced that, as a result of the recommendations of the Universities Commission of 1902, the Government had decided to reconstitute the Indian Universities so as to provide for the statutory recognition of the privilege of electing members to the Senates, the [illegible]

of the control of education the Resolution accepted the policy advocated by the Commission of 1882 but laid stress on the necessity for adequate safe-guards. The following passage from the Resolution summarises the intentions of Government:—

> "The progressive devolution of primary, secondary and collegiate education upon private enterprise and the continuous withdrawal of Government from competition therewith was recommended by the Educational Commission in 1883 and the advice has generally been acted upon. But while accepting this policy, the Government of India at the same time recognise the extreme importance of the principle that in each branch of education Government should maintain a limited number of institutions, both as models for private enterprise to follow and in order to uphold a high standard of education. In withdrawing from direct management it is further essential that Government should retain a general control, by means of efficient inspection over all public educational institutions."

As regards primary education the Resolution reiterated the recommendation of the Commission of 1882 that "the elementary education of the masses, its provision, extension and improvement should be that part of the educational system to which the strenuous efforts of the State should be directed in a still larger measure than before" and concluded that primary education should be made a leading charge upon provincial revenues. The Resolution further directed that the educational budget estimates of local bodies should be submitted through the Directors of Public Instruction before sanction and that every endeavour should be made to adapt the instruction in rural schools to the immediate needs of the agricultural community. The review of secondary education in the Resolution, led to the conclusions that it was "essential to promote diversified types of secondary education, corresponding with the varying needs of practical life," that school leaving examinations should be held at the end of the secondary course and that the study of the vernacular should be in all cases continued until the end of the school course. In regard to technical education the Resolution emphasised the necessity for adjusting such education to the needs of Indian industries and announced the intention of Government to give assistance in the form of scholarships to enable selected students to undergo training in Europe and America Finally the Resolution laid down the lines of policy to be adopted in regard to the extension of facilities for the training of teachers, the provision of libraries for schools and for the public and the opening of hostels attached to schools and colleges

The comprehensive instructions contained in the Resolution of 1904 were followed in the next few years by the assignment to the provinces of large Imperial grants mainly for university, technical and elementary education.

In 1910 the importance attached to educational development was indicated by the formation of a separate Department of Education at the Government of India, education having previously been dealt with in the Home Department

The visit of His Imperial Majesty the King Emperor to India in the autumn of 1911-12 was the occasion for two important announcements affecting education. At the Coronation Durbar His Imperial Majesty promised a recurring grant of 50 lakhs for popular education and in his reply to an address from the Calcutta University His Majesty again indicated, in memorable words, the extent to which he regarded the progress of education as vital to the future welfare of India.

In the following year, 1913, the Government of India again reviewed, in a Resolution, the whole field of educational work and summarised the Government's educational policy. The Resolution advocated the establishment of smaller universities of the teaching type; reaffirmed the policy of reliance on private effort in secondary education; recommended the adoption of a system of school leaving certificates, an increase in the salaries of teachers and an improvement in the amounts of grant-in-aid; fixed the minimum pay of trained teachers in Public elementary schools

and insisted on proper attention being paid to the formation of character in the tuition giving to scholars in all grades.

The Resolution further discussed the desirability of imparting manual instruction and instruction in hygiene, the necessity for medical inspection; the provision of facilities for research; the need for the staffing of girls schools by women teachers and the expansion of facilities for the training of teachers. The policy outlined on the 1913 resolution materially affected progress in the provinces, but the educational developments foreshadowed were in many cases delayed owing to the effects of the war.

The only other events of importance which influenced educational policy, during the period within the purview of this chapter, were the appointment of the Calcutta University Commission in 1917 and the publication of its report in August 1919.

The scope of the recommendations of the Commission was obviously primarily intended to be limited to the reorganisation of the Calcutta University, but many of the criticisms and recommendations of the Commission admitted of much wider application and profoundly influenced the development of university and secondary education all over India. The Government of India itself realised the far-reaching nature of the Commission's findings and issued a resolution in January 1920 in which it was stated " it is thought that an expression of view by the Government of India on certain points connected with the Report may not be without use in provinces other than Bengal, for, though it is fully recognised that conditions elsewhere differ widely from those in that Presidency and though the Government of India have naturally no desire to thrust upon other Local Governments and the Universities schemes which result from an investigation of affairs in Bengal and in Calcutta, nevertheless some of the recommendations made by the Commission are likely to be found valuable for wider application." In particular the Government of India suggested that the following lessons taught by the Report might receive special attention :—the failure of high schools to give that breadth of training which the developments of the country and new avenues of employment demanded; the necessity for the recognition of the intermediate section of University education as a part of school education and the desirability of mitigating the defects of the system of affiliated colleges by the establishment of a strong central teaching body and by the incorporation, as occasion arises, of unitary universities.

Subsequent to 1921, when education became a provincial transferred subject entrusted to the charge of Ministers responsible to the provincial legislatures, no important pronouncement on educational policy has been made by the Government of India.

CHAPTER III.—EXPENDITURE ON EDUCATION.

In 1916 the total direct and indirect expenditure on education in British India was Rs. 11,08 lakhs; in 1921, Rs. 16,77 lakhs and in 1926, Rs. 22,78 lakhs.

Between 1916 and 1921 the total expenditure increased by 51·4 per cent. and between 1921 and 1926 by 35·8 per cent.

To the total expenditure in 1916 Government funds contributed 35·7 per cent., Local Board funds 20·4 per cent. fees 27·4 per cent. and other sources 16·5 per cent. The corresponding figures for the years 1921 and 1926 were :—1921,—46·1, 14·0, 22·5 and 17·4 per cent. and 1926,—47·8, 14·3, 21·6 and 16·3 per cent. respectively.

The fall in the contribution from Local Boards and the rise in the contribution from Government funds between 1916 and 1921 cannot be accepted as accurate indications of the progress of expenditure, since in 1916 large contributions to local bodies by Government were classified as " Local Board " expenditure. The fall in fee income in both periods was due to increased fee concessions and to the introduction of free primary education in a large number of areas

The following table shows the percentage of direct expenditure on University, Secondary. Primary and Special education to the total expenditure in each of the years 1916, 1921 and 1926 —

	Percentage to total expenditure in		
	1916.	1921	1926
University	8 9	9 0	8 4
Secondary	26 7	26 8	27·7
Primary	25 4	27 0	27 9
Special	6 4	6 9	7 0

The figures show that no marked change has taken place in the proportion of expenditure on any particular class of education and that the proportion of expenditure on primary education has slightly increased. The variations in the proportion of expenditure spent on secondary and primary education in the provinces have been discussed in the chapters on secondary and primary education

In 1921 Government funds met 52·8 per cent. of the total direct expenditure on University Education, 30 9 per cent of the expenditure on secondary education and 47·8 per cent of the expenditure on primary education. The corresponding figures for the year 1926 were 51·5, 34·6 and 51·1 per cent. respectively

The following tables (*a*) and (*b*) give the total revenue, the expenditure on education by Government and the percentage of such expenditure to total revenue in each of the Governors' provinces in the years 1921-22 and 1925-26. Table (*c*) shows the percentage of increase in revenue and the increase or decrease in the percentage of educational expenditure from Government Funds to total revenue between 1922 and 1926. The figures for total expenditure include direct and indirect expenditure.

(a)

1922.

	1	2	3
	Revenue. Rs. (lakhs)	Educational expenditure. Rs. (lakhs)	Percentage of Educational expenditure to total revenue.
Madras	11,75	1,58	13 4
Bombay	13,11	1,70	12 9
Bengal	8,32	1,35	16 3
United Provinces	10,02	1,56	15 5
Punjab	7,10	87	12 2
Burma	9,18	46	5 0
Bihar and Orissa	4,43	49	11·0
Central Provinces	4,72	51	10 8
Assam	1,82	22	12 0

(b)

1926.

	1	2	3
	Revenue. Rs. (lakhs)	Educational Expenditure Rs. (lakhs)	Percentage of Educational Expenditure to total Revenue.
Madras	14,71	1,88	12 7
Bombay	15,24	1,92	12 5
Bengal	10,70	1,44	13 4
United Provinces	10,87	1,79	16 4
Punjab	11,52	1,33	11 5
Burma	10,69	83	7·7
Bihar and Orissa	5,79	58	10 0
Central Provinces	5,35	58	10 8
Assam	2,50	23	9 2

(c)

	Percentage of increase in Revenue between 1922 and 1926.	Increase or decrease in percentage of expenditure on education to total Revenue.
Madras	25 1	—0 7
Bombay	16 2	—0 4
Bengal	28 6	—2 9
United Provinces	8 4	+0 9
Punjab	62 2	—0 7
Burma	16 4	+2 7
Bihar and Orissa	30 7	—1 0
Central Provinces	13 3	*Nil*
Assam	37 3	—2 8

The above figures show that only two provinces, the United Provinces and Burma, have increased the proportion of their total revenue spent on education since 1922, though the percentage of expenditure on education to the total revenue for all the provinces together has only decreased from 12·4 to 12·1. It is clear that there has been no direct relationship between increase in revenue and increase in educational expenditure since Bengal, Assam, Bihar and Orissa, Madras and the Punjab, all of which improved their revenues by over 25 per cent show the largest fall in the percentage of educational expenditure, while the United Provinces and Burma, both of which increased their revenues by under 17 per cent., show an increased percentage of expenditure on education.

The following tables give the revenues per head of population and the educational expenditure per head of population for all the provinces in the years 1922 and 1926 :—

Revenue per head of population

	1922	1926.
	Rs	Rs
Madras	2·7	3·4
Bombay	6·7	7·8
Bengal	1·7	2·2
United Provinces	2·2	2·3
Punjab	3·4	5·5
Burma	6·9	8·1
Bihar and Orissa	1·3	1·7
Central Provinces	3·3	3·8
Assam	2·4	3·2

Expenditure on education per head of population.

	1922	1926
	Rs	Rs
Madras	0·37	0·44
Bombay	0·87	0·99
Bengal	0·28	0·30
United Provinces	0·34	0·39
Punjab	0·42	0·64
Burma	0·34	0·62
Bihar and Orissa	0·14	0·17
Central Provinces	0·36	0·41
Assam	0·28	0·30

The figures for the revenue and expenditure per head of population have been given in order to obtain an idea of the relative position of the provinces in regard to educational expenditure. Without population figures the mere totals of revenue and expenditure will not give an accu-

rate picture of the relative position of each province. This may be illustrated from the fact that in 1926, Burma, which was only sixth in the list of total revenues and in the list of total educational expenditure, had the highest revenue per head of population and was third in the list of expenditure per head of population.

It is also obvious that the population of a province is no indication of the extent of the revenues of that province. Bombay, for example, which both in 1922 and 1926 had the largest revenue of any province in India, stands only sixth in total population and Bengal which has the largest population was, in both years, only fifth in the list of total revenues. It might be expected, however, that a province with a large population would ordinarily spend a relatively high percentage of its revenue on education and that there would be a direct relationship between the revenue per head of population in any one province and the expenditure on education per head of population. Actually taking the figures for the years 1922 and 1926 these assumptions have, approximately, been realised In 1922 the first three provinces in order of total population were Bengal, the United Provinces and Madras and the same order was maintained for the percentage of educational expenditure to total revenues. The only large variation between total population and percentage of expenditure occurred in the provinces of Bihar and Orissa and Assam. Bihar and Orissa was fourth in order of total population and only seventh in order of percentage of expenditure and Assam with the smallest population was sixth in order of percentage of expenditure.

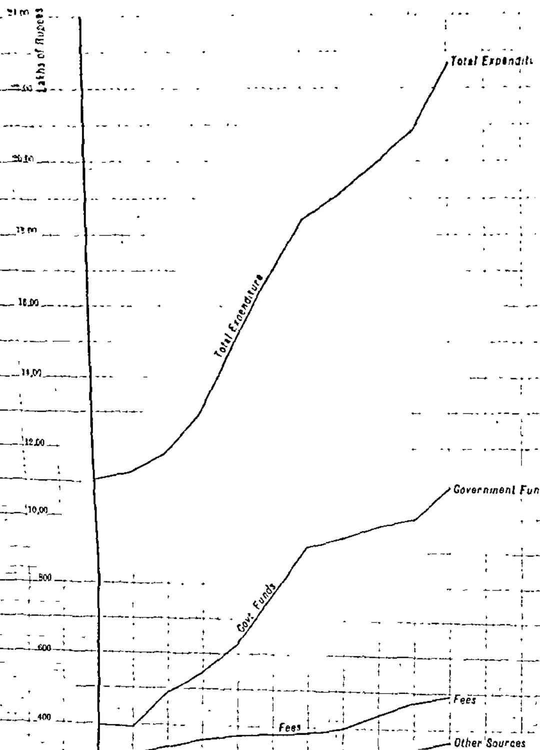
If the expenditure per head on education had corresponded to the revenue per head of population the order of the Provinces in 1922 would have been Burma, Bombay, Punjab, Central Provinces, Madras, Assam, United Provinces, Bengal and Bihar and Orissa. The actual order in regard to expenditure per head was Bombay, Punjab, Madras, Central Provinces, United Provinces and Burma, Assam and Bengal, and Bihar and Orissa. It will be seen that with the exception of Burma the position of all the provinces in the order of expenditure per head of population approximated to their position in order of revenue per head of population.

In 1926, with the exception of Bihar and Orissa, there was again little difference between the order of the provinces in regard to total population and their order in regard to percentage of expenditure.

Similarly the order of the provinces in regard to expenditure per head of population approximately corresponded to their order in the list of revenue per head of population and in 1926 the position of Burma improved from fifth in the list of expenditure per head of population to third.

The average cost of educating a scholar in British India taking all stages of instruction together and including direct and indirect expenditure, was Rs. 16 in 1926, Rs. 22 in 1921 and Rs. 23 in 1926. The large rise in cost per head between 1916 and 1921 was the natural result of the rapid rise in the cost of living during the war and the period immediately following the war.

Graph showing the growth of the total Expenditure on Education, Expenditure from Government Funds, Board Funds, fees and other sources, in British India.



Between 1916 and 1921 all the provinces recorded a rise in the average cost of educating a pupil, Bombay, the Punjab and Burma showed the largest increases, from Rs 20 to Rs. 29 in Bombay, from Rs. 28 to Rs. 37 in the Punjab and from Rs. 17 to Rs. 26 in Burma. The smallest rise in cost occurred in Bengal, from Rs. 14 to Rs. 16.

Between 1921 and 1926, 5 provinces, Bombay, Bengal, United Provinces, Burma and Assam again recorded an increase in average cost, the largest increase being from Rs. 29 to Rs. 36 in Bombay. Madras, the Punjab, Bihar and Orissa and the Central Provinces showed a decrease in cost, the largest decrease being from Rs 37 to Rs. 26 in the Punjab.

In 1926 the average cost of educating a scholar was highest in Bombay and lowest in Bihar and Orissa, the figures for the provinces being :— Madras Rs. 18, Bombay Rs. 36, Bengal Rs 17, United Provinces Rs. 26, Punjab Rs 26, Burma Rs 28, Bihar and Orissa Rs. 11, Central Provinces Rs 18 and Assam Rs. 16. The variation in cost between province and province can be explained by a number of causes such as difference in cost of living, difference in average enrolment per school difference in capital expenditure, difference in pay of teaching staff and difference in density of population. It has not been possible to investigate all the causes for the position of each province, but the relative density of population in Bombay, Bengal, Burma and Bihar and Orissa would appear to have influenced the average cost in these provinces and in Bengal, Bihar and Orissa and in Assam the pay of primary school teachers is noticeably lower than in other provinces, while in Bombay it is very much higher

The average cost (direct expenditure only) of educating a scholar in an Arts College increased largely in all the provinces between 1916 and 1921, but fell in five provinces between 1921 and 1926, an increase occurring only in Bombay, Bengal Burma and Bihar and Orissa In 1926 the average cost was highest in the Central Provinces (Rs. 337) and lowest in Bengal (Rs 145).

The average cost of educating a scholar in a secondary school rose in all provinces between 1916 and 1921 and again rose between 1921 and 1926 in all provinces except the Punjab, Bihar and Orissa and Assam. In 1926 the average cost varied from Rs 75 in Bombay to Rs. 21 in the Punjab.

The average cost of educating a scholar in a primary school varied in 1916 from Rs 10 in Bombay to Rs. 3 in Bengal and in 1921 it varied from Rs. 17 in Bombay to Rs. 4 in Bengal Between 1921 and 1926 the average cost increased in six provinces and remained constant in the other three provinces. In 1926 the cost was highest in Bombay (Rs. 20) and lowest in Bengal (Rs. 4), the figures for the other provinces being Madras Rs. 7, United Provinces Rs. 8, Punjab Rs. 9, Burma Rs. 7, Bihar and Orissa Rs 6, Central Provinces Rs. 11 and Assam Rs. 5.

Chapter IV.—Primary Education.

The total figures for India, given in this and subsequent chapters, of the number of schools and scholars include the figures for administrative areas other than Governors' Provinces, but the latter figures are so small as not to affect materially any deductions regarding the Provinces which may be made from a comparison of the totals.

In considering the figures for Primary Education it has to be remembered that exactly similar methods of classification have not been adopted by all Provinces. In Madras and Bombay "Primary schools" include all elementary schools with standards from one to eight, standards six, seven and eight of which are in other provinces classified as "vernacular middle" or secondary schools. Primary schools in other provinces include in some cases schools with standards from one to four, in some cases schools with standards from one to five and in other cases schools with standards from one to six. In order therefore to give a more complete picture of the extent of primary education separate figures have been given in this chapter showing the number of pupils reading in the first five primary classes of all grades of institutions. The total figures for India and the Provinces include details for certain types of schools such as Pathshalas (Sanskrit Schools) and Maktabs (Islamic Schools) which were classified prior to 1916 as special schools and details for night schools not classified as schools for adults.

The total number of recognised primary schools in British India in 1916 was 138,089 with an enrolment of 5,638,244 scholars. The corresponding figures for the years 1921 and 1926 were as follows :—

1921—159,345 schools with 6,327,973 scholars ;

1926—183,164 schools with 7,799,076 scholars.

Between 1916 and 1921 the number of schools increased by 21,256 or by 15 per cent. and the number of scholars increased by 689,729 or by 12 per cent.

Between 1921 and 1926 the number of schools increased by 23,819 or by 15 per cent. and the number of scholars increased by 1,471,103 or by 23 per cent.

Between 1916 and 1921 the rate of increase for male scholars only was 10·2 per cent. and between 1921 and 1926 it was 24·3 per cent. The corresponding figures for female scholars only were 21·9 per cent. and 18·5 per cent.

In 1916 the percentage of scholars in primary schools to the total population was 2·3, in 1921 it was 2·5 and by 1926 it had risen to 3·1.

A more accurate appreciation of the extent of primary education can be obtained from the figures for the primary classes of all grades of schools. These show that in 1917 there were in the five lowest classes a total of 6,352,512 scholars, in 1921, 6,909,896 scholars and in 1926, 8,703,377 scholars.

Between 1917 and 1921 the number increased by 8 7 per cent. and between 1921 and 1926 by 25·9 per cent.

Accurate figures are not available for the number of children of school-going age (approximately 6 to 11) actually reading in school But the extent to which the methods adopted to increase the number of such children at school have proved successful may be judged by the proportion which the number of children reading in the first five classes of all grades of institutions bears to the total number of children of school-going age. The figures for the total number of children of school-going age have been arrived at by taking 14 per cent.. an approximation, of the total population.

In 1917 the percentage of children at school in the first five primary classes to the total number of children of school-going age was 18·7. In 1921 it was 20·2 and in 1926 it was 25 2

The extent to which illiteracy is being removed may also be judged by the percentage of pupils reading in all classes of institutions to the total population In 1916 the percentage was 3·1, in 1921, 3·4 and in 1926, 4·2 The percentages for male and female pupils separately were —

Males.—1916,—5 2, 1921,—5·5 and 1926,—6·9 and

Females.—1916,—1·0, 1921,—1 2 and 1926,—1·4.

Figures for the increase in the number of schools and scholars are not, however, necessarily a correct index of the extent to which the school-going population is being made literate Permanent literacy can only be secured for the individual if the pupil remains four or five years consecutively at school and if the pupil reads in successive years progressively in the first four or five classes The great wastage which occurs between class and class, caused by pupils leaving school after short and irregular periods of attendance and by the stagnation of pupils in one class for a number of years, largely counteracts the attempts made to remove illiteracy by the opening of additional schools and the increased enrolment of scholars In estimating the results of the expansion of education, therefore, the duration of school life is a vital factor for consideration.

[illegible]

January 1926, 22,709 of these pupils were promoted to class II. Of the 22,709 pupils promoted 6,659 had read in class I for more than two years and 8,646 had read for more than one year, but less than two years. Of the 56,710 pupils who were not promoted 10,665 had read for more than two years and 19,064 had read for more than one year. These figures show that approximately 9 per cent. of the total number of pupils were promoted after one year's study ; 11 per cent. after more than one year's study and 8 per cent. after more than two years' study. While 72 per cent. were not promoted at all.

The following table, giving the figures for all India, shows the percentage of wastage which occurred between class and class as between the years 1917 and 1918, 1921 and 1922 and 1925 and 1926 :—

	1917-18.	1921-22.	1925-26.
	Per cent.	Per cent.	Per cent.
Between classes—			
I and II	52 6	56 0	67 0
II and III	33 3	35 7	23 9
III and IV	26 0	29 8	27·8
IV and V	35 6	42 1	40 8

It will thus be seen that while the percentage of the number of pupils of the first class who did not proceed to the second class has increased as between 1921-22 and 1925-26 the percentage of wastage between other classes has improved. The rise in the percentage of wastage between classes one and two was to be expected owing to the large increase in enrolment in class one, the increase being 80 per cent of the total increase in all 5 classes since 1921.

Very considerable improvement has taken place in the staffing of primary schools. In 1916 the percentage of trained teachers to the total number of teachers was 28·3 ; in 1921 it was 35·6 and in 1926 it was 44·2. Between 1921 and 1926 all provinces, with the exception of Assam, increased their percentage and by 1926 the percentage varied from 64·4 in the United Provinces to 24·8 in Bengal.

Expenditure —In 1916 the total expenditure from all sources on primary schools was Rs. 281·29 lakhs, in 1921 it was Rs. 453·73 lakhs and by 1926 it had risen to Rs. 635·58 lakhs. Between 1916 and 1921 the total expenditure rose by 61·3 per cent. and between 1921 and 1926 it rose by 40·1 per cent.

To the total increase in the period 1916 to 1921 Public funds contributed 90·0 per cent., fees 1·1 per cent. and other sources 8·9 per cent. To the total increase in the period 1921 to 1926 Public funds contributed 87·0 per cent., fees 3·3 per cent. and other sources 9·7 per cent.

Owing to the variations in classification prior to 1918 it has not been possible to ascertain the exact percentage of increase of Government funds and Board funds separately for the period 1916 to 1921. But of the total increase in expenditure between 1921 and 1926 Government funds met 59·4 per cent. and Board funds met 27·6 per cent.

The percentage of expenditure on primary education to the total expenditure on all classes of education has increased very slightly in the periods under review. In 1916 it was 25·4 ; in 1921, 27·0 and in 1926, 27·9.

In respect of the percentage of expenditure on primary education to the total expenditure the figures for the Provinces show large variations. In 1926 the percentage for Burma was as low as 8·6, while the percentage for Bombay was 48·8. In the same year all the provinces, with the exception of Burma, Bengal and the Punjab, spent over 25 per cent. of

their total on primary education, the figures being Madras 36·2 per cent., United Provinces 25·8 per cent , Bihar and Orissa 34·5 per cent., Central Provinces and Berar 29 5 per cent., Assam 27·4 per cent., Bengal 16·5 per cent., and the Punjab 15·5 per cent. The low figure for the Punjab, as explained hereinafter, is accounted for by the rapid transformation of primary schools into secondary schools

All provinces except Bengal, Punjab, Burma and the Central Provinces, show an increase in the percentage of their expenditure on primary *education between the years 1921 and 1926 Madras increased by 3·0 per cent*., Bombay by 0·5 *per cent* , United Provinces by 4·5 *per cent* , Bihar and Orissa by 4·2 per cent and Assam by 2·1 per cent., while Bengal decreased by 0 2 per cent., the Punjab by 0 7 per cent , Burma by 3 9 per cent and the Central Provinces by 3·1 per cent.

It would appear possible to establish a direct relationship between the percentage of expenditure on primary schools to the total expenditure and the percentage of pupils in primary schools to the total population. Taking the figures for male scholars only, in 1926 the percentages of pupils in primary schools to the total male population in Madras, Bombay, the United Provinces, Bihar and Orissa and Assam were 7·6, 7·2, 4·0, 4·8 and 4·5 respectively, while the figures for Bengal, and the Punjab, Burma and the Central Provinces were 5 3 3·3, 1·7 and 3 5 respectively. In Burma where the percentage of expenditure on primary schools to the total expenditure fell from 16·4 in 1916 to 12 5 in 1921 and again to 8·6 in 1926, the percentage of male pupils in primary schools to the total male population fell from 2·7 in 1916 to 2 0 in 1921 and again to 1·7 in 1926

The progress of primary education in each of the Governors' Provinces is summarised in the following paragraphs —

Madras.—*In 1916 the total number of recognised primary schools* was 29,785 with an enrolment of 1,328,938 scholars The corresponding figures for the years 1921 and 1926 were —

1921—34,906 schools with 1,494,121 scholars.

1926—46,883 schools with 2,050,960 scholars

Between 1916 and 1921 the number of schools increased by 5,121 or by 17·1 per cent and the number of scholars increased by 165,183 or by 12·4 per cent.

Between 1921 and 1926 the number of schools increased by 11,977 or by 34·3 per cent and the number of scholars increased by 556,839 or by 37·3 per cent

Between 1916 and 1921 the rate of increase for male scholars only was 10 0 per cent. and between 1921 and 1926 it was 37·3 per cent. The corresponding figures for female scholars only were 21·2 per cent. and 35·8 per cent. respectively.

It will thus be seen that, though the rate of increase in the number of female scholars recorded during the years 1916 to 1921 was more than

maintained in the second period under review, a greater improvement in the rate of increase of male scholars is noticeable. Taking boys and girls together, the very large increase in the number of schools and scholars and the improvement in the rate of expansion during the years subsequent to 1921 were mainly due to the working of the Elementary Education Act, passed in 1920, and to the policy, initiated by Government in 1924, of gradually providing all school-less centres, or groups of centres with a population of 500 and above, with schools. The Madras Elementary Education Act of 1920 provided for the creation in each district of a District Educational Council, functioning as an independent *ad hoc* body with powers to prepare schemes for the extension of elementary education, to recognise all elementary schools and to distribute grant-in-aid to aided schools. The Act also provided for the introduction of compulsory education and for the levy of an educational tax in approved local areas. Full advantage was not, however, taken of the provisions of the Act until the closing years of the period 1921 to 1926, during which time compulsion was introduced in a number of municipal areas.

In 1923 the Government of Madras convened a special conference of officials and non-officials to consider the improvement and expansion of elementary education and the most important recommendation made by the conference was that each village with a population of 500 and above should be provided with a school. In 1924, as a consequence of this recommendation, an educational survey was made of all the taluqs in the Presidency with a view to providing a record of all school-less areas and of the number of children of school-age attending and not attending school.

As a result of this survey a large number of school-less centres were provided with schools. The fact that over fifty per cent. of the total increase in the number of scholars recorded during the period 1921 to 1926 occurred during the years 1925 and 1926 is an indication of the success of the policy adopted.

The following percentages show the improvement effected during the periods 1916 to 1921 and 1921 to 1926 in the provision of schools for school-less areas.

Percentage of the number of villages, with a population of between 500 and 1,000, having a school to the total number of such population centres.

1916	58
1921	61
1926	73

Percentage of the number of villages, with a population of between 1,000 and 2,000, having a school to the total number of such population centres.

1916	81
1921	82
1926	92

Consequent on the steady growth in the number of scholars reading in primary schools in the periods under review the percentage of the population reading in primary schools to the total population has risen from year to year. In 1916 the percentage of male pupils to the total male population was 5·1, in 1921 it was 5·7 and by 1926 it had risen to 7·6. The corresponding percentages for female pupils in primary schools were: 1916,—1·3, 1921,—1·6, and 1926,—2·2.

In 1917 the total number of scholars reading in the five lowest classes of all grades of institutions was 1,416,799; in 1921 it was 1,545,574 and in 1926 it was 2,087,699 Between 1917 and 1921 the number increased by 9·0 per cent. and between 1921 and 1926 by 35·0 per cent.

In 1917 the percentage of pupils in the first five classes of all institutions to the total number of children of school-going age was 24·4; in 1921 it was 26·6 and in 1926 it was 35·6.

As has already been explained previously in this chapter the extent to which the number of schools and scholars have increased in any one period is not necessarily an index of the extent to which the school-going population is being made literate. In the Madras Presidency the high percentage of wastage between standard and standard continued throughout the periods 1916 to 1921 and 1921 to 1926. The following table shows the percentage of wastage which occurred between the primary standards as between the years 1917 and 1918, 1921 and 1922 and the years 1925 and 1926:—

	1917-1918	1921-1922	1925-1926.
	Per cent	Per cent	Per cent.
Between classes—			
I and II	54 8	61 1	59 2
II and III	25·4	27 4	25 9
III and IV	17 7	19 9	20 3
IV and V	61 4	56 5	55 7

It will be seen that with the exception of the wastage between classes IV and V, there has been no improvement as between the years 1917 and 1918 and the years 1925 and 1926

The staffing of primary schools has steadily improved, the improvement being most marked in the period 1921 to 1926 In 1916 the percentage of trained teachers to the total number of teachers was 35·5; in 1921 it was 40 4 and in 1926 it was 49·7.

Expenditure.—The total expenditure from all sources on primary education has increased very rapidly during the periods under review. In 1916 the total expenditure on primary schools was Rs. 65·77 lakhs. In 1921 it was Rs. 105·88 lakhs and by 1926 it had risen to Rs. 150·91 lakhs. The totals do not include indirect expenditure such as the cost of Direction and Inspection and expenditure on buildings and equipment. Between 1916 and 1921 the total expenditure rose by 61·0 per cent. and between 1921 and 1926 it rose by 42·5 per cent.

To the total increase in the period 1916 to 1921 Public funds contributed 82·4 per cent., fees 1·8 per cent. and other sources 15·8 per cent.

To the total increase in the period 1921 to 1926 Public funds contributed 80·8 per cent. (Government funds 61·4 and Local Board funds 19·4), fees *nil* per cent. and other sources 19·2 per cent.

The absence of any increase in the contribution from fees in the period 1921 to 1926 may be accounted for by the fact that a large number of Local Boards discontinued the levy of fees in primary schools and by the fact that with the introduction of compulsion in certain areas free education was imparted.

In 1916 the percentage of expenditure on primary education to the total expenditure on education was 31·8 ; in 1921 it was 33·2 and by 1926 it had risen to 36·2.

Bombay.—In 1916 the total number of recognised primary schools was 10,890 with an enrolment of 670,141 scholars The corresponding figures for the years 1921 and 1926 were :—

1921—13,018 schools with 8,07,036 scholars.

1926—13,448 schools with 9,13,168 scholars.

Between 1916 and 1921 the number of schools increased by 2,128 or by 19·5 per cent. and the number of scholars increased by 136,895 or by 20 4 per cent.

Between 1921 and 1926 the number of schools increased by 430 or by 3·3 per cent. and the number of scholars increased by 106,132 or by 13·1 per cent.

Between 1916 and 1921 the rate of increase for male scholars only was 17·2 per cent. and between 1921 and 1926 it was 14·3 per cent. The corresponding figures for female scholars only were 34·3 per cent. and 8·6 per cent. respectively.

It is difficult to account satisfactorily for the slow rate of expansion in the years subsequent to 1921 but the main factors operating against a more rapid development would appear to have been :—the fact that, though the Bombay Elementary Education Act was passed into Law in 1923, the rules under the Act were not framed until the end of 1924 and the Act itself did not really become operative until the following year ; the influence of the non-co-operation movement which affected primary schools in Bombay more and for a longer period, than in other provinces ; the low density of the population in Bombay, especially in Sind, compared with other Provinces in India, which has made the opening of more schools difficult and costly ; the extremely unequal progress, especially as far as girls are concerned, which has been recorded among the advanced and backward communities and the relatively high cost of primary education in Bombay compared with the cost in other provinces, due mainly [illegible]
trained teachers employed [illegible]
financial grounds. The figu[illegible]

affected by the withdrawal, in 1923, from the recognised list, of a number of Mulla schools and by the separate classification of schools for adults after 1922.

The Primary Education Act of 1923 provided for the transfer of the management of Public elementary schools to newly constituted school committees of local authorities and for the introduction of free and compulsory education in approved local areas. The fact that the main provisions of this Act did not become operative until the end of 1925 naturally tended to prevent any rapid advance in the period between 1923 and 1925.

It must, however, be noted that the percentage of scholars reading in primary schools to the total population steadily increased and remained relatively high in comparison with the figures for other provinces and that the average number of pupils per primary school in Bombay is considerably larger than the figures for most other provinces.

In 1916 the percentage of male pupils in primary schools to the total male population was 5·3, in 1921 it was 6·2 and by 1926 it had risen to 7·2. The corresponding percentages for female pupils were —

1916,—1·3, 1921,—1·8 and 1926,—1·9

In 1917 the total number of scholars reading in the five lowest classes of all grades of institutions was 654,123, in 1921 it was 797,722 and in 1926 it was 848,587. Between 1917 and 1921 the number increased by 21·9 per cent and between 1921 and 1926 by 6·3 per cent. In 1917 the percentage of pupils in the first five classes of all institutions to the total number of children of school-going age was 23·6; in 1921 it was 29·5 and in 1926 it was 31·4.

The following table shows the percentage of wastage which occurrep between standard and standard as between the years 1917 and 1918, 1921 and 1922 and 1925 and 1926 —

——	1917-18 Per cent	1921-22 Per cent	1925-26 Per cent.
Between classes—			
I and II	51 9	56 5	36 9
II and III	13 5	21 8	11·4
III and IV	13 4	25 3	16 5
IV and V	15 8	29 8	13 8

From the above figures it will be seen that the duration of school life lengthened considerably in the period between 1922 and 1926 and that the figures for 1926 show a marked improvement over the figures for 1918.

The staffing of primary schools improved steadily in both periods. In 1916 the percentage of trained teachers to the total number of teachers was 35·6; in 1921 it was 42·9 and in 1926 it was 50 4.

Expenditure.—In 1916 the total expenditure from all sources on primary education was Rs. 63·46 lakhs. In 1921 it was Rs. 127·21 lakhs

and by 1926 it had risen to Rs. 181·02 lakhs. Between 1916 and 1921 the total expenditure rose by 100·5 per cent. and between 1921 and 1926 it rose by 42·3 per cent. To the total increase in the period 1916 to 1921 Public funds contributed 92·7 per cent. fees 0·3 per cent, and other sources 7·0 per cent. To the total increase in the period 1921 to 1926 Public funds contributed 94·8 per cent. (Government funds 68·9 per cent. and Local Board funds 25·9 per cent), fees 1·7 per cent. and other sources 3·5 per cent.

In 1916 the percentage of expenditure on primary education to the total expenditure on education was 41·4; in 1921 it was 48·3 and by 1926 it had risen to 48·8.

Bengal.—In 1916 the total number of recognised primary schools was 40,410 with an enrolment of 1,327,422 scholars. The corresponding figures for the years 1921 and 1926 were:—

1921—47,772 schools with 1,456,865 scholars;

1926—50,923 schools with 1,650,555 scholars.

Between the years 1916 and 1921 the number of schools increased by 7,362 or by 18·2 per cent. and the number of scholars increased by 129,443 or by 9·7 per cent. Between 1921 and 1926 the number of schools increased by 3,151 or by 6·5 per cent. and the number of scholars ncreased by 193,690 or by 13·3 per cent.

Between 1916 and 1921 the rate of increase for male scholars only was 5·5 per cent. and between 1921 and 1926 it was 13·6 per cent. The corresponding figures for female scholars only were 27·0 per cent. and 11·9 per cent respectively.

The figures indicate that in both the periods under review progress was confined to normal increases in numbers and strength. Prior to 1921 two exhaustive surveys of the condition of primary education, with recommendations for the adoption of schemes for free primary education, were submitted to Government, but owing to financial difficulties few of the schemes recommended in these reports were adopted. Bengal, more than any other province, depends upon aided primary schools as the agency for development and the fee income in Bengal bears a very high share of the total cost of primary education. In consequence war time and post-war time economic distress seriously affected the expansion of primary education.

The Bengal Primary Education Act, which was passed in 1919, and the Bengal Primary Education Amendment Act of 1921, provided for the introduction of free and compulsory education in Municipal and Union Board areas and for the levy of an educational cess, but inadequate finance has prevented advantage being taken of these Acts.

In the period from 1921 to 1926 the adoption of a constructive programme of development was rendered even more difficult by the holding in abeyance of the posts of Ministers almost continuously from August 1924 up to the end of 1926.

The figures given for the increase in the number of schools during the same period are not altogether an accurate test of the advance made since in the year 1923 a number of night-schools, hitherto classified as primary, were withdrawn from the list of primary schools and classified as adult schools.

In 1916 the percentage of male pupils in primary schools to the total male population was 4·5, in 1921 it was 4·8 and by 1926 it had risen to 5·3. The corresponding percentages for female pupils were :—

1916—1·1, 1926,—1·4 and 1916,—1·6.

In 1917 the total number of scholars reading in the five lowest classes of all grades of institutions was 1,587,273 , in 1921 it was 1,630,794 and in 1926 it was 1,844,795.

Between 1917 and 1921 the number increased by 2·7 per cent and between 1921 and 1926 the number increased by 13·1 per cent.

In 1917 the percentage of pupils in the first five classes of all institutions to the total number of children of school-going age was 24·9 , in 1921 it was 25·6 and in 1926 it was 28·2.

The following table shows the percentage of wastage between standard and standard as between the years 1917 and 1918, 1921 and 1922 and 1925 and 1926 :—

—	1917-18 Per cent.	1921-22 Per cent.	1925-26 Per cent
Between Classes—			
I and II	69 5	75 3	72 4
II and III . . .	20 2	24 4	34 6
III and IV .	31 3	40 0	50 5
IV and V	37 1	49 7	40 2

The figures would appear to indicate that there has been little or no improvement in the length of time which pupils stay at school or in the consecutive promotion of pupils from class to class.

The staffing of primary schools has been far from satisfactory and in spite of the improvements which have taken place in each period the percentage of trained teachers to the total number of teachers is the lowest in India.

In 1916 the percentage was 14·9 ; in 1921 it was 19·9 and in 1926 it was 24·8.

Expenditure.—In 1916 the total expenditure from all sources on primary education was Rs 43·03 lakhs.

In 1921 it was Rs. 51·56 lakhs and in 1926 it was Rs. 62·33 lakhs. Between 1916 and 1921 the total expenditure rose by 19·8 per cent. and between 1921 and 1926 it rose by 20·9 per cent.

To the total increase in the period 1916 to 1921 Public funds contributed 83·3 per cent., fees 4·2 per cent. and other sources 12·5 per cent.

To the total increase in the period 1921 to 1926 Public funds contributed 41·6 per cent. (Government funds 24·6 per cent. and Local Board funds 17·0 per cent.), fees 37·9 per cent. and other sources 20·5 per cent.

The most noticeable feature of the period 1921 to 1926 was the large rise in the contributions from other sources and from fee income.

In 1916 the percentage of expenditure on primary education to the total expenditure on education was 16·7; in 1921 it was 16·7 and by 1926 it had fallen to 16·5.

The United Provinces.—In 1926 the total number of recognised primary schools was 11,540 with an enrolment of 628,542 scholars. The corresponding figures for the years 1921 and 1926 were: 1921,—16,368 schools with 848,356 scholars; 1926,—19,797 schools with 1,051,620 scholars.

Between the years 1916 and 1921 the number of schools increased by 4,828 or by 41·8 per cent. and the number of scholars increased by 219,814 or by 35·0 per cent.

Between the years 1921 and 1926 the number of schools increased by 3,429 or by 20·9 per cent. and the number of scholars increased by 203,264 or by 23·9 per cent.

Between 1916 and 1921 the rate of increase for male scholars only was 33·3 per cent. and between 1921 and 1926 it was 24·5 per cent. The corresponding figures for female scholars only were 54·4 per cent. and 18·2 per cent respectively.

The greatest expansion in the number of schools and scholars occurred between the years 1918 and 1921 during which period the Government of the United Provinces launched a definite three year programme of expansion and development.

The increased expenditure incurred by the financing of the programmes was however so high that after 1921 further programmes of a similar nature were not taken up and the rate of expansion declined.

The United Provinces Primary Education Act, which was passed in 1919, provided for the introduction of compulsion for boys in Municipal Board areas and has been responsible for increased enrolment in a number of areas in which compulsion has been applied. The District Boards Primary Education Act, which was passed in 1926 and made similar provision for the compulsory education of boys in rural areas, has obviously not affected the development of primary education in the periods under review.

In 1916 the percentage of male pupils in primary schools to the total male population was 2·3; in 1921 it was 3·2 and by 1926 it had risen to 4·0. The corresponding figures for female pupils were :—

1916—0·2, 1921—0·3 and 1926—0·4.

In 1917 the total number of scholars reading in the five lowest classes of all grades of institutions was 717,458; in 1921 it was 876,540 and in 1926 it was 1,088,462.

Between 1917 and 1921 the number increased by 22·1 per cent and between 1921 and 1926 by 24·1 per cent. In 1917 the percentage of pupils in the first five classes of all institutions to the total number of pupils of school-going age was 10·8; in 1921 it was 13·8 and in 1926 it was 17·1.

The following table shows the wastage between class and class as between the years 1917 and 1918, 1921 and 1922 and the years 1925 and 1926:—

	1917-18 Per cent	1921-22 Per cent.	1925-26 Per cent
Between classes—			
I and II	67 5	73 9	67·4
II and III	27 8	28·0	26·8
III and IV	23 2	25 2	20·2
IV and V	18 5	27·5	24 6

The staffing of primary schools has greatly improved In 1916 the percentage of trained teachers to the total number of teachers was 35·6; in 1921 it was 48·6 and by 1926 it had risen to 64·4.

Expenditure.—In 1916 the total expenditure on primary schools from all sources was Rs. 27·01 lakhs, in 1921 it was Rs 51·45 lakhs and by 1926 it had risen to Rs. 80 83 lakhs.

Between 1916 and 1921 the total expenditure rose by 90·5 per cent and between 1921 and 1926 it rose by 57·1 per cent

To the total increase in the period 1916 to 1921 Public funds contributed 96·4 per cent., fees 2·1 per cent. and other sources 1·5 per cent.

To the total increase in the period 1921 to 1926 Public funds contributed 99·6 per cent. (Government funds 98·7 per cent. and Local Boards funds 0 9 per cent.) and other sources 1·6 per cent , while fees decreased by 1·2 per cent.

In 1916 the percentage of expenditure on primary education to the total expenditure on education was 19·4 , in 1921 it was 21·3 and by 1926 it had risen to 25·8

Punjab.—In 1916 the total number of recognised primary schools was 5,679 with an enrolment of 275,353 scholars. The corresponding figures for the years 1921 and 1926 were:—

1921—6,386 schools with 285,886 scholars;

1926—6,876 schools with 433,308 scholars.

Between the years 1916 and 1921 the number of schools increased by 707 or by 12·4 per cent. and the number of scholars increased by 10,533 or by 4·0 per cent.

Between the years 1921 and 1926 the number of schools increased by 490 or by 7·6 per cent. and the number of scholars increased by 147,422 or by 51·4 per cent.

Between 1916 and 1921 the rate of increase for male scholars only was 1·4 per cent. and between 1921 and 1926 it was 57·3 per cent. The corresponding figures for female scholars only were 14·6 per cent. and 22·4 per cent. respectively.

Though the above figures show a record of considerable progress in both periods they are by no means a correct indication of the extent of the development and expansion that has actually taken place. Owing to the reduction of the primary school from 5 to 4 classes and to the conversion of large numbers of primary schools into vernacular middle schools, classified as secondary, the actual expansion of primary education can only be correctly estimated by a comparison of the figures for the primary classes of all grades of institutions. The figures show that in 1917 there were 361,308 scholars in the first five classes of all schools; in 1921,—425,329 scholars and in 1926,—766,768 scholars. Between 1917 and 1921 the number of scholars therefore increased by 17·6 per cent. and between 1921 and 1926 by 80·2 per cent.

During the years 1916 to 1921 three main factors operated to assist successful progress. The laying down of definite 5-year programmes of expansion, particularly for the opening of vernacular middle schools; the passing of the Primary Education Act in 1919 which provided for the introduction of compulsion for boys in Muncipal and rural areas, the levy of an educational cess and the grading of districts into forward and backward areas for the purpose of obtaining a more equitable distribution of Government subsidies towards primary education. The last factor in particular a,sisted backward areas, hitherto without sufficient schools, to expand and develop.

The improvement shown in the period 1921 to 1926 was even more marked owing to the fuller development of programmes for expansion, the reduction in the number of single teacher schools, the increase in the number of trained teachers, the propaganda carried on by officials, Co-operative Societies, Parents Societies, etc., to keep pupils in schools, the adaptation of the curriculum to the needs of rural areas and the large increase in the number of areas in which compulsion was introduced.

In 1916 the percentage of male scholars in primary schools to the total population was 2·1; in 1921 it was 2·1 and by 1926 it had risen to 3·3. The corresponding figures for female scholars only were:—1916,—0·4, 1921,—0·5 and 1926,—0·6. In 1917 the percentage of pupils in the first five classes of all institutions to the total number of pupils of school-going age was 13·1; in 1921 it was 14·7 and by 1926 it had risen to 26·5.

The following table shows the wastage which has occurred between class and class as between the years 1917 and 1918, 1921 and 1922 and 1925 and 1926:—

	1917-18. Per cent.	1921-22. Per cent.	1925-26. Per cent.
Between classes—			
I and II	57 1	56 0	53 6
II and III	21·7	15 1	23 1
III and IV	23 3	14·3	14·7
IV and V	13 6	32 7	26 4

The staffing of primary schools steadily improved, particularly in the period 1921 to 1926. In 1916 the percentage of trained teachers to the total number of teachers was 49·9; in 1921 it was 51·5 and in 1926 it was 56·3.

Expenditure.—In 1916 the total expenditure from all sources on primary schools was Rs 18·86 lakhs, in 1921 it was Rs. 29·85 lakhs and by 1926 it had risen to Rs. 39·84 lakhs.

Between 1916 and 1921 there was an increase of 58·2 per cent. and between 1921 and 1926 there was an increase of 33·5 per cent. To the total increase in the period 1916 to 1921 Public funds contributed 96·5 per cent. and other sources 6 2 per cent., while fees decreased by 2·7 per cent.

To the total increase in the period 1921 to 1926 Public funds contributed 95 6 per cent. (Government funds 98·8 per cent, while Local Board funds fell by 3·2 per cent.) and other sources 4·7 per cent., while fees decreased by 0·3 per cent.

In 1916 the percentage of expenditure on primary education to the total expenditure on education was 16·8; in 1921 it was 16·2 and by 1926 it had fallen to 15 5 The fall in percentage is accounted for by the transformation of primary schools into middle schools.

Burma.—In 1916 the total number of recognised primary schools was 7,317 with an enrolment of 247,330 scholars. The corresponding figures for the years 1921 and 1926 were:—1921—5,752 schools with 215,237 scholars; 1926,—4,121 schools with 207,247 scholars. Between 1916 and 1921 the number of schools decreased by 1,595 or by 21·7 per cent. and the number of scholars decreased by 32,093 or by 13·0 per cent.

Between 1921 and 1926 the number of schools decreased by 1,631 or by 28·3 per cent. and the number of scholars decreased by 8,990 or by 4·2 per cent. Between 1916 and 1921 the rate of decrease in the number of male scholars only was 16·5 per cent. and between 1921 and 1926 it was 15·6 per cent. Between 1916 and 1921 the rate of decrease in the number of female scholars only was 5·4 per cent., but between 1921 to 1926 the rate of increase was 12·2 per cent.

Between the years 1918 and 1925 there was a steady decline in the number of male and female scholars reading in primary schools. The main reasons for this decline would appear to be a policy of concentration and efficiency, and inability to finance and properly staff all the schools opened prior to 1918, the withdrawal from the recognised list of a large number of Monastic schools, the effect of the boycott movement and the preference shown, by pupils for reading in the primary classes of middle and high schools. The figures for the last year of the period 1921 to 1926 show, however, that the new policy of expansion inaugurated in 1926 is proving successful—the number of male scholars increasing by 13,757 and the number of female scholars by 12,735 in the one year.

In 1916 the percentage of male pupils in primary schools to the total male population was 2·7, in 1921 it was 2·0 and by 1926 it had fallen to 1·7. The corresponding figures for femaleschol ars were : 1926,—1·3, 1921,—1·1 and 1926,—1·3.

In 1917 the total number of scholars reading in the five lowest classes of all grades of institutions was 361,076 ; in 1921 it was 322,892 and in 1926 it was 360,394. Between 1917 and 1921 the number decreased by 10·5 per cent. and between 1921 and 1926 it increased by 11·6 per cent.

In 1917 the percentage of pupils in the first five classes of all institutions to the total number of pupils of school-going age was 21·3 ; in 1921 it was 18·0 and in 1926 it was 19·5.

The following table shows the wastage between class and class as between the years 1917 and 1918, 1921 and 1922 and 1925 and 1926 :—

	1917-18.	1921-22.	1925-26.
	Per cent.	Per cent	Per cent
Between Classes—			
I and II	15 7	57 4	64 1
II and III	43 1	61·4	29 2
III and IV	41 0	63·3	11 4
IV and V	41·7	71·3	49 4

The figures show that, though the wastage between the standards higher than the first has lessened, the wastage between class I and class II has largely increased. As many as 123,348, out of a total 192,354 scholars in the first class in 1925 did not reach the second class by 1926.

The staffing of primary schools has shown great improvement. In 1916 the percentage of trained teachers to the total number of teachers was 16·9 ; in 1921 it was 31·2 and by 1926 it had risen to 44·7.

Expenditure.—In 1916 the total expenditure from all sources on primary schools was Rs. 10·70 lakhs ; in 1921 it was Rs. 11·65 lakhs and by 1926 it had risen to Rs. 14·31 lakhs. Between 1916 and 1921 the total expenditure rose by 8·9 per cent. and between 1921 and 1926 it rose by 23·7 per cent. To the total increase in the period 1916 to 1921 Public funds contributed 202·0 per cent., while fees and other sources decreased by 51·0 per cent. and 51·0 per cent. respectively. To the total increase in the period 1921 to 1926 Public funds contributed 145·9 per cent. while fees and other sources decreased by 22·2 per cent. and 23·7 per cent. respectively. Separate figures for Government funds and Local Board funds are not available. In 1916 the percentage of expenditure on primary education to the total expenditure on education was 16·4 ; in 1921 it was 12·5 and by 1926 it had fallen to 8·6.

Bihar and Orissa.—In 1916 the total number of recognised primary schools was 23,402 with an enrolment of 643,117 scholars. The corresponding figures for the years 1921 and 1926 were :—1921,—25,240

schools with 706,746 scholars; 1926,—30,656 schools with 930,394 scholars.

Between 1916 and 1921 the number of schools increased by 1,838 or by 7·8 per cent. and the number of scholars increased by 63,629 or by 10·0 per cent.

Between 1921 and 1926 the number of schools increased by 5,416 or by 21·4 per cent. and the number of scholars increased by 223,648 or by 31·6 per cent.

Between 1916 and 1921 the rate of increase for male scholars only was 9 4 per cent. and between 1921 and 1926 it was 36·5 per cent. The corresponding figures for female scholars only were 12·1 per cent. and 3·9 per cent. The figures show that while there was a steady increase in the number of schools and scholars between 1916 and 1921, a much larger development took place in the period subsequent to 1921. In fact the difference in the rate of expansion between the two periods was even greater than the figures indicate since in 1917 over 1,300 Maktabs and Pathshalas, formerly classified as special schools, were added to the primary school list.

The slow rate of expansion between 1916 and 1921 has been attributed to the influenza epidemic of 1918, to the non-co operation movement which began in 1920 and more particularly to the great increase in the cost of living subsequent to 1917 and to the prevailing economic distress. From 1921 onwards there was a large and progressive rise in the number of primary schools and scholars particularly in the number of Maktabs and Pathshalas, which satisfy the demand for religious instruction on the part of Muhammadans and Hindus.

The main factors which contributed to the rapid expansion recorded were the adoption of definite 10 year programmes of expansion, first considered in 1916 but not made operative until revised in 1920 and 1924; the passing of the Primary Education Act in 1919, the improvement in the pay of teachers, and the improvement in the general finances of the province which enabled the Government from 1923 onwards to make progressively larger grants to Local Boards for the development of primary education.

In 1916 the percentage of male scholars reading in primary schools to the total male population was 3·2, in 1921 it was 3·5 and by 1926 it had risen to 4·8. The corresponding figures for female scholars were:— 1916,—0 5, 1921,—0 6 and 1926,—0·6.

In 1917 the total number of scholars reading in the five lowest classes of all grades of institutions was 705,765; in 1921 it was 720,087 and in 1926 it was 975,305. Between 1917 and 1921 the number increased by 2·0 per cent. and between 1921 and 1926 by 35·4 per cent. In 1917 the percentage of pupils in the first five classes of all institutions to the total number of children of school-going age was 14·5; in 1921 it was 15·1 and by 1926 it had risen to 20·4. The following table shows the

wastage between class and class as between the years 1917 and 1918 1921 and 1922 and 1925 and 1926.

	1917-18. Per cent.	1921-22. Per cent.	1925-26. Per cent.
Between classes—			
I and II	82 0	61 2	71·4
II and III	25 9	41·4	25 2
III and IV	66 8	32·3	58 8
IV and V	19 7	69 2	12 8

The staffing of primary schools improved in both periods. In 1916 the percentage of trained teachers to the total number of teachers was 19·0, in 1921 it was 28·9 and by 1926 it had risen to 35·5.

Expenditure.—In 1916 the total expenditure from all sources on primary schools was Rs. 26·20 lakhs. In 1921 it was Rs. 34·59 lakhs and by 1926 it had risen to Rs. 53·05 lakhs. Between 1916 and 1921 the total expenditure rose by 32·4 per cent. and between 1921 and 1926 it rose by 53·4 per cent. To the total increase in the period 1916 to 1921 Public funds contributed 71·1 per cent.; fees 6·9 per cent. and other sources 22 0 per cent. To the total increase in the period 1921 to 1926 Public funds contributed 81·7 per cent., fees 5·7 per cent. and other sources 12·6 per cent. Separate figures are not available for Government funds and Local Board funds. In 1916 the percentage of expenditure on primary education to the total expenditure on education was 31·0; in 1921 it was 30·3 and by 1926 it had risen to 34·5.

Central Provinces and Berar.—In 1926 the total number of recognised primary schools was 4,022 with an enrolment of 288,691 scholars. The corresponding figures for the years 1921 and 1926 were :—

1921,—4,251 schools with 276,983 scholars

1926,—4,423 schools with 277,972 scholars.

Between 1916 and 1921 the number of schools increased by 229 or by 5·6 per cent. and the number of scholars decreased by 11,708 or by 4·1 per cent.

Between 1921 and 1926 the number of schools increased by 172 or by 4·0 per cent. and the number of scholars increased by 989 or by 3 per cent.

Between 1916 and 1921 the rate of decrease for male scholars only was 5·1 per cent. and between 1921 and 1926 the rate of increase for male scholars only was 1·2 per cent.

Between 1916 and 1921 the rate of increase for female scholars only was 4·1 and between 1921 and 1926 the rate of decrease for female scholars only was 6·3.

The figures indicate that in neither period has progress been satisfactory. During the year 1916 to 1921 there was a steady fall each year in the number of male scholars, while the number of female scholars increased slightly each year up to 1920 and then declined. Economic distress, epidemic diseases and to a small extent the non-co-operation movement adversely affected progress.

During the years 1921 to 1926 the number of male scholars showed a slight improvement, due to a large rise in the year 1926; while the number of female scholars slowly declined.

Lack of progress amongst women is attributed to the apathy of the public towards the education of girls, which is illustrated by the fact that in 1926, 58 per cent. of the total number of scholars reading in all classes of institutions for women were reading in the first class.

The Primary Education Act, which was passed in 1919 and provided for the application of compulsion in approved areas under Local Boards, scarcely became operative until the end of the period under review since up to 1925 only one municipality and 11 rural areas had introduced compulsion.

In 1916 the percentage of male scholars in primary schools to the total male population was 3·6. In 1921 it was 3·5 and in 1926 it was 3·5. The corresponding figures for female scholars only were —

1916,—0 4, 1921,—0·4 and 1926,—0·4.

In 1917 the total number of scholars reading in the five lowest classes of all grades of institutions was 316,758, in 1921 it was 318,609 and in 1926 it was 339,401.

Between 1917 and 1921 the number increased by 0 5 per cent. and between 1921 and 1926 by 6·5 per cent. In 1917 the percentage of pupils in the first five classes of all institutions to the total number of children of school-going age was 16·3; in 1921 it was 16·5 and in 1926 it was 17·4.

The following table shows the wastage between class and class as between the years 1917 and 1918, 1921 and 1922 and 1925 and 1926.—

	1917-18 Per cent	1921-22. Per cent	1925-26 Per cent.
Between classes—			
I and II	19 0	46 6	50 9
II and III	26 6	22 3	12 1
III and IV	14 3	17 4	5 3
IV and V	15 8	19 3	70 0

The staffing of primary schools showed marked improvement in the period 1921 to 1926. In 1916 the percentage of trained teachers to the total number of teachers was 29·7; in 1921 it was 31·1 and by 1926 it has risen to 43·6.

Expenditure.—In 1916 the total expenditure on primary schools from all sources was Rs. 15 95 lakhs. In 1921 it was Rs. 25·39 and by 1926 it had risen to Rs. 30·33 lakhs.

Between 1916 and 1921 the total expenditure increased by 59·2 per cent. and between 1921 and 1926 it increased by 19 5 per cent.

To the total increase in the period 1916 to 1921 Public funds contributed 92·2 per cent., fees 3·4 per cent and other sources 4·4 per cent. To the total increase in the period 1921 to 1926 Public funds contributed 82·0 per cent., fees 10·9 per cent. and other sources 7·1 per cent.

Separate figures for Government funds and Local Board funds are not available.

In 1916 the percentage of expenditure on primary education to the total expenditure on education was 33·3; in 1921 it was 32·6 and by 1926 it had declined to 29·5.

Assam.—In 1916 the total number of recognised primary schools was 4,192 with an enrolment of 186,342 scholars. The corresponding figures for the years 1921 and 1926 were :—

1921,—4,407 schools with 179,754 scholars;

1926,—4,674 schools with 207,686 scholars.

Between 1916 and 1921 the number of schools increased by 215 or by 5·1 per cent. and the number of scholars decreased by 6,588 or by 3·5 per cent.

Between 1921 and 1926 the number of schools increased by 267 or by 6·0 per cent. and the number of scholars increased by 27,932 or by 10·5 per cent.

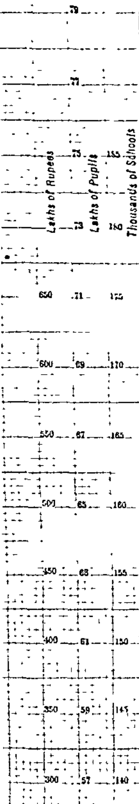
Between 1916 and 1921 the rate of decrease for male scholars only was 3·8 per cent. and between 1921 and 1926 the rate of increase for male scholars only was 15·1 per cent. Between 1916 and 1921 the rate of decrease for female scholars only was 1·8 per cent. and between 1921 and 1926 the rate of increase for female scholars only was 18·0 per cent.

In spite of the fact that Vernacular education was free in Assam even prior to 1916 adverse conditions prevented any advance in the period 1916 to 1921. The prevailing economic distress was such as to make it impossible for large classes of the people to afford the incidental expenses connected with even free education, and political agitation, epidemics and limited finances all combined to retard progress. Between 1921 and 1926, however, there was slow but steady progress in the number of scholars attending school. But with sparsely populated areas and very limited finances no large development could be expected. The Primary Education Act, which provided for the introduction of compulsion and for the levy of a special education cess, was not passed until 1926 and so did not affect the periods under consideration.

In 1916 the percentage of male scholars in primary schools to the total male population was 4·6. In 1921 it was 3·9 and in 1926 it was 4·5. The corresponding figures for female scholars were :—1916,—0·7, 1921,—0 6 and 1926,—0·7. In 1917 the total number of scholars reading in the five lowest classes of all grades of institutions was 207,950; in 1921 it was 206,261 and in 1926 it was 240,745.

Between 1917 and 1921 the number decreased by 0·8 per cent. and between 1921 and 1926 it increased by 16·7 per cent.

Direct Expenditure on them ($2/3$ — 50 lakhs of Rs.)



The following table shows the percentage of wastage which occurred between class and class as between the years 1917 and 1918, 1921 and 1922 and 1925 and 1926.

—	1917-18 Per cent	1921-22 Per cent	1925-26 Per cent
Between classes—			
I and II	74 0	77 2	74 1
II and III	10 5	20 0	6 1
III and IV	33 8	36 2	27 7
IV and V	65 4	66 0	61 5

The staffing of primary schools has shown no improvement and the percentage of trained teachers to the total declined between 1921 and 1926.

In 1916 the percentage of trained teachers to the total number of teachers was 40·1 ; in 1921 it was 40·5 and by 1926 it had fallen to 35·9.

Expenditure.—In 1916 the total expenditure from all sources on primary schools was Rs. 7·15 lakhs In 1921 it was Rs 8·27 lakhs and by 1926 it had risen to Rs. 11·12 lakhs

Between 1916 and 1921 the total expenditure increased by 15·7 per cent. and between 1921 and 1926 it increased by 34·4 per cent.

To the total increase in the period 1916 to 1921 Public funds contributed 90 7 per cent., fees 0·5 per cent. and other sources 8·8 per cent. To the total increase in the period 1921 to 1926 Public funds contributed 76 0 per cent. (Government funds 72·2 per cent. and Local Board funds 3·8 per cent.), and other sources 24·1 per cent., while fees decreased by 0 1 per cent.

In 1916 the percentage of expenditure on primary education to the total expenditure on education was 26·6 , in 1921 it was 25·3 but by 1926 it had risen to 27·4.

CHAPTER V.—COMPULSORY EDUCATION.

Prior to 1916, with the exception of Mr. Gokhale's abortive bill of 1911 in the Imperial Legislative Council, no attempt had been made anywhere in British India to apply to principle of compulsion though free education in primary schools, or in certain classes of primary schools, had been experimented with in several provinces.

Between 1916 and 1921 it became generally recognised that a satisfactory rate of expansion and the necessary prolongation of the duration of school life could only be obtained by the gradual introduction of universal free and compulso.y education, and by the end of the period seven primary education Acts, authorising the introduction of compulsion, had been passed by Provincial Legislatures. All these Acts were passed during the years 1918 to 1920 and it was not to be expected

that many schemes of compulsion under the Acts would have been framed by the year 1921. Actually by March 1921 compulsion was in force in only six municipal areas in India, of which two areas provided for compulsion for girls as well as for boys.

Between 1921 and 1926 one more provincial Legislature (Assam) passed a Primary Education Act providing for the introduction of compulsion in all local areas and the scope of compulsory education was enlarged by new enactments in four other provinces. But in spite of all the provinces, with the exception of Burma, having made legislative provision for the introduction of compulsion, relatively few schemes were working by the end of the period. Out of the total of 574 areas (96 municipal and 478 rural) in which compulsion had been introduced by the year 1926 as many as 539 were confined to Madras, the Punjab and the United Provinces

The details for the provinces are given below :—

Madras.—The Madras Elementary Education Act was passed in October 1920 and provided for the levy of an education tax by Local Boards, for an equivalent contribution by Government of any tax levied and for the introduction of compulsion in suitable areas. The Act applied to all local areas and was applicable to both sexes

Prior to 1922 no scheme for compulsion was sanctioned, but by the end of the year 1925-26 compulsion had been introduced in 4 divisions of the Madras Corporation for boys and girls, in 19 Municipal areas, 17 for boys only and 2 for boys and girls, and in 2 selected rural areas of the Mapilla country for boys only. In the same year 25 municipalities and 95 taluq boards were levying the education cess.

The slow progress in the matter of the introduction of compulsion in rural areas has been attributed to the lack of initiative in framing schemes on the part of Local Boards and to the inability to finance compulsion even with the aid of the proceeds of taxation and the Government's equivalent contribution.

Bombay.—The Bombay Primary Education Act was passed in February 1918 and provided for the introduction of compulsory education for boys and girls in municipal areas. In 1920 the City of Bombay Primary Education Act was passed extending the provisions of the Act of 1918 to the Corporation of Bombay.

By March 1921 five municipalities had introduced compulsion, three for boys only and two for boys and girls.

In February 1923 the Act of 1918 was repealed and a new Primary Education Act passed which provided for the control of primary education by School Boards of Municipalities and District Boards and for the introduction of compulsion for boys and girls in all local areas on the initiative of a local authority or at the direction of Government. But this act did not become operative until the close of the period under review.

By March 1926 six municipalities had introduced compulsion and the City of Bombay Act was in operation in two wards of the Bombay Corporation—compulsion applying to both boys and girls.

Bengal.—The Bengal Primary Education Act was passed in May 1919 and provided for the introduction of compulsion for boys only in Municipal areas, in the first instance, and for the levy of an education cess No scheme of compulsion has, however, been sanctioned under the Act. It is reported that the chief obstacle to progress in the direction of compulsory education is the reluctance of local bodies to make large contributions for primary education or to undertake fresh taxation.

United Provinces.—In June 1919 the United Provinces Primary Education Act was passed and provided for the introduction of compulsory education for boys in municipal areas only and the United Provinces District Boards Primary Education Act, passed in 1926, extended the provisions of the 1919 Act to rural areas under district boards.

By March 1926 compulsion was in force in 23 municipalities

Punjab.—The Punjab Primary Education Act was passed in April 1919 and provided for the introduction of compulsory education for boys only in municipal and rural areas

By March 1921 only one municipality had applied compulsion; but between 1921 and 1926 rapid progress was made and at the end of the period as many as 42 municipalities and 451 rural areas had applied compulsion.

Burma.—No provision exists in Burma at present for the introduction of compulsory education and it has been suggested that so long as such a large proportion of the children at school are educated at Monastic Schools no legislation can usefully be introduced.

Bihar and Orissa.—The Bihar and Orissa Primary Education Act was passed in February 1919 and provided for the making of education compulsory for boys in municipal and rural areas and for the levy of an education cess By March 1921 one municipality had adopted a scheme for compulsion

*Between 1921 and 1926 little progress was recorded, no munici*pality and only 3 rural areas adopting compulsion The main difficulties in the way of a further extension of compulsion have been inadequate finance and lack of suitable accommodation

Central Provinces and Berar.—The Central Provinces Primary Education Act was passed in May 1919 and provided for the introduction of compulsion for boys and girls in municipal and rural areas. Up to March 1921 no Local Board had taken advantage of the provisions of the Act, mainly owing to the fact that the rules framed under the Act were not published until 1921.

Between 1921 and 1926 considerable progress was made and by the end of the period 3 municipalities and 21 rural areas had introduced

compulsion and schemes for compulsion in 7 municipalities and 47 rural areas were under consideration.

Assam.—The Assam Primary Education Act was passed at the end of 1926 and provided for the gradual introduction of compulsion in approved local areas, local bodies paying one-third of the cost and Government paying two-thirds. It has, however, been reported that the actual operation of the Act is likely to be postponed since money, teachers and accommodation are not available to satisfy even the voluntary demand.

Chapter VI.—The Education of Adults.

It is difficult to give a general outline of the development of schools for the education of illiterate adults, since prior to the year 1922-23 no separate figures were maintained for such schools. Even after the year 1922-23 several provinces have continued to classify adult schools under the primary head or have included under "Adult Schools" all night schools whether they are attended by children or by adults. The figures given below must therefore be read with the reservation that they include a number of night schools not *especially* intended for *adults*. Accurate totals are not available for the year 1916.

In 1921 there were 4,651 schools with 108,141 scholars and in 1926 there were 11,227 schools with 282,381 scholars. The figures for 1926 exclude the United Provinces for which no details are available.

The following paragraphs give details for the provinces.

Madras.—In 1916 there were 570 night schools with 13,815 scholars; in 1921 there were 2,175 schools with 52,147 scholars and in 1926 there were 5,287 schools with 136,626 scholars. Throughout the years 1916 to 1921 and the years 1921 to 1926 special subsidies and grants-in-aid were paid to Local Boards and private managements for the opening of night schools, and though the figures for the number of schools include schools which are in fact ordinary elementary schools, endeavours have continuously been made to encourage and recognise only such night schools as provide primarily for the needs of adults. The majority of the schools are intended for artisan and agricultural labourers and for children who at certain seasons cannot attend day schools.

Bombay.—In 1916 there were 133 schools with 3,535 scholars, in 1921 there were 226 schools with 6,418 scholars and in 1926 there were 191 schools with 7,730 scholars. In each period all the schools shown were night schools which were practically confined to the education of adults only.

Between 1916 and 1921 the total number of schools included a number of night schools maintained by the Central Co-operative Institute, Bombay, out of a special endowment, mainly for the purpose of educating the adult members of local co-operative societies. In 1926 the total number of schools included 4 secondary night schools attended by literate

adults, 10 special schools for women and 4 classes conducted by the Adult Educational Association.

Bengal.—Figures for the number of schools in 1916 are not available. There were in 1921, 1,263 schools with 27,226 scholars, and in 1926, 1,445 schools with 27,773 scholars.

The great majority of these schools were night and continuation schools for ordinary primary school children or for children who had passed the primary stage, but they included a small number of school for adults managed by Co-operative Societies.

United Provinces.—Accurate figures are not available for the years 1916 and 1926 though there was an increase in the number of night schools between 1921 and 1926. In 1921 there were 166 schools with 4,713 scholars. In this year special grants were given by Government to municipalities for opening night schools for children over the age of 12, not in attendance at a day school, and for adults. But up to 1924 only 6 municipal boards had availed themselves of the Government grants.

Punjab.—No figures are available for the year 1916. In 1921 there were 10 schools with 363 scholars and in 1926 there were 3,208 schools with 85,422 scholars

All the schools included in the above figures were maintained for adults only.

The movement for the removal of illiteracy amongst adults in the Punjab owed its inception to the Co-operative Credit Societies which by 1922 were maintaining over 100 schools for adults. But since 1923 adult schools have been taken over by the ordinary educational agencies and an extensive development of night schools for adults, attached to primary and secondary schools, has taken place. Since 1925 the successful working of adult schools has been considerably helped by the establishment of a large number of village libraries, attached to middle schools and open to adults, and by the supervision and assistance of the Rural Community Board and the District Community Councils.

Bihar and Orissa.—No figures are available for the year 1916. In 1921 there were 787 night schools with 16,075 scholars and in 1926 there were 1,036 schools with 22,701 scholars.

Though the number of schools and scholars has increased, the work and utility of the majority of schools, except the schools in industrial areas, have not been favourably reported on. The extent to which the schools have catered for the illiterate adult population may be estimated by the fact that in 1926 only 45 per cent. of the scholars were adults.

Burma.—No figures are available for the year 1916. In 1921 there were 12 schools with 567 scholars and in 1926 there were 19 schools with 1,065 scholars.

Prior to 1921 there were very few recognised night schools in Burma, though a number of unrecognised institutions were conducted by

honorary workers. In 1924 special grants were paid to night schools for the first time. In recognised night schools no pupils have been admitted who are under 14 years of age. One school for Indian women at Rangoon is included in the total for the year 1926.

Central Provinces and Berar.—No figures are available for the year 1916, but in 1917 there were 32 schools with 515 scholars. In 1921 there were 12 schools with 332 scholars and in 1926 there were 41 schools with 1,067 scholars.

The majority of the schools were managed by the Depressed Class Mission Society and by the Young Men's Christian Association, for the benefit of depressed class pupils and factory employees. In 1926 one of the schools was conducted for women.

Assam.—Accurate figures are not available for the number of night schools opened in Assam between 1916 and 1926. In 1922, 3 night schools are reported to have been working with a total enrolment of 51 pupils and in 1926 a small number of night schools were opened in one district for illiterate adults only.

CHAPTER VII.—SECONDARY EDUCATION.

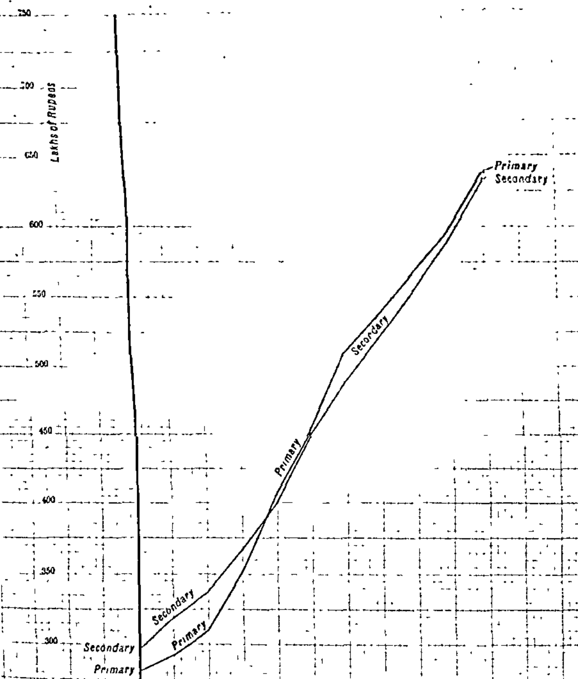
In 1916 there were in British India 7,272 recognised secondary schools with an enrolment of 1,128,403 scholars. In 1921 there were 8,923 schools with 1,254,497 scholars and in 1926 there were 10,837 schools with 1,716,147 scholars. Between 1916 and 1921 the number of schools increased by 1,651 or by 22·7 per cent. and the number of scholars increased by 126,094 or by 11·2 per cent. Between 1921 and 1926 the number of schools increased by 1,914 or by 21·5 per cent. and the number of scholars increased by 461,650 or by 36·8 per cent. Between 1916 and 1921 the rate of increase for male scholars only was 9·2 per cent. and between 1921 and 1926 it was 36·4 per cent. The corresponding figures for female scholars only were 32·6 per cent. and 40·2 per cent. respectively.

Between the years 1920 and 1922 the strength of secondary schools was seriously affected by the non-co-operation movement and by the prevailing economic distress consequent on a large rise in the cost of living. Between these years there was a decrease of over forty-two thousand scholars in secondary schools; but after 1922 the number of scholars increased rapidly, the year 1923 alone showing an increase of as many as 90,632 scholars over the figures for the year 1922.

In 1916 the percentage of pupils reading in secondary schools to the total population was 0·46, in 1921 it was 0·50 and by 1926 it had risen to 0·69.

The staffing of secondary schools in the Governors' Provinces has, with few exceptions, shown steady improvement in both periods. In 1916 the percentage of trained teachers to the total number of teachers

Graph showing the growth of Expenditure on Primary and Secondary Education.



was 36 4, in 1921 it was 43·3 and in 1926 it was 50 6. All Provinces with the exception of Bombay, increased their percentages between 1921 and 1926 and by 1926 the percentages varied from 76·7 in Madras to 17·3 in Bombay. Between 1921 and 1926 Bombay fell from 26·8 per cent. to 17·3 per cent.

Expenditure.—In 1916 the total expenditure on secondary schools from all sources was Rs. 296·19 lakhs; in 1921 it was Rs. 449 33 lakhs and in 1926 it was Rs. 631 11 lakhs Between 1916 and 1921 the total expenditure increased by Rs. 153 14 lakhs or by 51·7 per cent. and between 1921 and 1926 the total expenditure increased by Rs. 181 78 lakhs or by 40 5 per cent

In 1916 Government funds met 22 3 per cent of the total expenditure, Local Board funds 9·4 per cent. and other sources 68 3 per cent. The corresponding figures for the years 1921 and 1926 were :—1921,—30 9, 8 0 and 61·1 and 1926,—31 6, 8 2 and 57 2

Between 1921 and 1926 the percentage of expenditure from Government funds increased in Madras, Bengal, United Provinces, Punjab and Assam and declined in Bombay, Bihar and Orissa, Central Provinces and Burma During the same period the percentage of expenditure from Local Board funds increased in Madras, Bombay, Burma and Bihar and Orissa and decreased in the Punjab, the United Provinces, the Central Provinces and Assam

The percentage of expenditure on secondary education to the total expenditure on education was 26·7 in 1916, 26·8 in 1921 and 27 7 in 1926. If the percentages for secondary education are compared with the figures for primary education, already given, which were 1916—25 4, 1921—27 0 and 1926—27 9, it will be seen that on the average during the years 1916 to 1926 the percentage spent on primary education was almost exactly equal to the percentage spent on secondary education. Between the years 1921 and 1926 the percentage of expenditure on secondary education to the total expenditure fell in the Provinces of Madras, Bengal, Burma, Bihar and Orissa . nd in the Central Provinces, it remained stationary in Bombay, the United Provinces and Assam and rose in the Punjab. In 1926 the percentage varied from 40·6 in Burma to 18·7 in Bombay. A comparison of the figures for the Provinces reveals the fact that in both periods four provinces, Bengal, the United Provinces, Punjab and Burma, spent more on secondary education than on primary education, while Assam spent less in 1916 and more in 1926 In both periods the difference in the percentage of expenditure on primary and secondary education was very marked as between province and province; the figures for 1926 being—Excess on Primary over secondary—Madras 15·2, Bombay 30·1, Bihar and Orissa 15·3, Central Provinces 4·6; Excess on Secondary over Primary—Bengal 15 6, United Provinces 2·7, Punjab 23 3, Burma 32 0, Assam 2·7. These wide differences are in some measure due, especially in the provinces of Madras, Bombay and the Punjab, to the differences in the classification of primary and secondary schools.

The progress of secondary education in the provinces is summarised in the following paragraphs :—

Madras.—In 1916 there were 440 recognised secondary schools with an enrolment of 143,858 scholars. In 1921 there were 585 schools with 169,634 scholars and in 1926 there were 637 schools with 178,521 scholars. Between 1916 and 1921 the number of schools increased by 145 or by 33·0 per cent. and the number of scholars increased by 25,776 or by 18·0 per cent.

Between 1921 and 1926 the number of schools increased by 52 or by 8·9 per cent and the number of scholars increased by 8,887 or by 4·9 per cent. Between 1916 and 1921 the rate of increase for male scholars only was 16 8 per cent. and between 1921 and 1926 it was 3·1 per cent. The corresponding figures for female scholars only were 30·6 per cent. and 27·6 per cent. respectively.

Though there was a fall in the rate of expansion between 1921 and 1926 the number of pupils reading in the middle and high school forms largely increased. Between 1921 and 1926 the number of scholars reading in forms I to VI of Indian boys' schools alone increased by 11,571 and the number of boys reading in the VI form increased by 3,000. During the same period the number of boys reading in the lower classes of secondary schools decreased by over 6,000. The fall is accounted for by the fact that after the passing of the Elementary Education Act of 1920 the lower classes of many secondary schools were converted into independent elementary schools.

Considerable improvement has taken place in the staffing of secondary schools, particularly in the period 1921 to 1926. The percentages of the number of trained teachers to the total number of teachers for the years 1916, 1921 and 1926 were 64·3 69 5 and 76·7 respectively

In 1923 District Secondary Education Boards were established for every district in the Presidency, excluding the Agency; but the functions of the Boards were purely advisory and they cannot be said to have influenced materially the progress of secondary education.

Expenditure.—In 1916 the total expenditure from all sources on secondary schools was Rs. 41·24 lakhs; in 1921 it was Rs. 68·37 lakhs and in 1926 it was Rs. 87·33 lakhs. Between 1916 and 1921 the total expenditure increased by Rs. 24·13 lakhs or by 54·6 per cent. and between 1921 and 1926 the total expenditure increased by Rs. 18 96 lakhs or by 27·7 per cent.

In 1916 Government funds met 15·3 per cent. of the total expenditure, Local Board funds 2 4 per cent., fees 62·0 per cent. and other sources 20 3 per cent. The corresponding figures for the years 1921 and 1926 were :—1921—Government funds 22 8, Local Board funds 3·3, fees 51 5 and other sources 19·4. 1926—Government funds 26 6, Local Board funds 5·7, fees 48 9 and other sources 18 8. The percentage of expenditure on secondary education to the total expenditure on education remained practically stationary in both periods, the figures being :—1916,—21·4, 1921,—21·1 and 1926,—21·0.

Bombay.—In 1916 there were 165 recognised secondary schools with an enrolment of 68,149 scholars. In 1921 there were 475 schools with 76,252 scholars and in 1926 there were 496 schools with 93,569 scholars.

Between 1916 and 1921 the number of schools increased by 10 or by 2·2 per cent. and the number of scholars increased by 8,103 or by 11·9 per cent. Between 1921 and 1926 the number of schools increased by 21 or by 4·4 per cent. and the number of scholars increased by 17,317 or by 22·7 per cent. Between 1916 and 1921 the rate of increase for male scholars only was 10·5 per cent. and between 1921 and 1926 it was 23·8 per cent. The corresponding figures for female scholars only were 21·2 per cent. and 16·5 per cent respectively. The figures do not call for detailed comment, the increases being normal in both periods except for a fall, confined to middle schools, between 1920 and 1921 due to the non-co-operation movement

The percentage of trained teachers to the total number of teachers has fallen considerably, especially in the period 1921 to 1926. The percentages for the years 1916, 1921 and 1926 were 27·1, 26·8 and 17·3 respectively Only in Government schools has there been any improvement, the percentage increasing from 42·8 in 1921 to 63·0 in 1926. The reasons adduced for the large number of untrained teachers in non-Government schools are low salaries and unattractive prospects, the temporary nature of the employment of many teachers and the lack of sufficient training facilities

Expenditure.—In 1916 the total expenditure from all sources on secondary schools was Rs. 34·58 lakhs; in 1921 it was Rs 49·28 lakhs and in 1926 it was Rs. 70·47 lakhs Between 1916 and 1921 the total expenditure increased by Rs. 14·70 lakhs or by 42·5 per cent and between 1921 and 1926 it increased by 21·19 lakhs or by 43·0 per cent

In 1916 Government funds met 27 per cent of the total expenditure, Local Board funds 2·3 per cent, fees 45·9 per cent and other sources 24·8 per cent The corresponding figures for the years 1921 and 1926 were —1921—Government funds 34·5, Local Board funds 2·3, fees 37·7 and other sources 25·5, 1926—Government funds 31·4, Local Board funds 3·0, fees 16·0 and other sources 19·6 The percentage of expenditure on secondary education to the total expenditure on education declined between 1916 and 1921, but remained stationary between 1921 and 1926, the figures being—1916,—22·4, 1921,—18·7 and 1926, —18·7

Bengal.—In 1916 there were 2,588 recognised secondary schools with an enrolment of 387,494 scholars In 1921 there were 2,741 schools with 360,060 scholars and in 1926 there were 2,781 schools with 392,540 scholars. Between 1916 and 1921 the number of schools increased by 153 or 5·9 per cent and the number of scholars decreased by 27,434 or by 7·1 per cent. Between 1921 and 1926 the number of schools increased by 40 or by 1·5 per cent. and the number of scholars increased by 32,480 or by 9·0 per cent.

Between 1916 and 1921 the rate of decrease for male scholars only was 8 0 per cent and between 1921 and 1926 the rate of increase was 8 3 per cent. The corresponding figures for the rates of increase for female scholars only were :—1916 to 1921, 20 4 per cent., and 1921 to 1926, 29 5 per cent.

The fall in the number of scholars during the period 1916 to 1921 was confined to boys' schools and the main reason for the large decrease was the non-co-operation movement, high and middle schools for boys losing over 38,000 scholars between 1920 and 1921 alone. Other contributory causes were the closure of a number of vernacular middle schools and the prevailing economic distress. The low rate of expansion in the number of schools in the period 1921 to 1926 is accounted for by the fact that vernacular middle schools became increasingly unpopular and declined from 271 to 109. On the other hand English high and middle schools increased from 2,470 to 2,672. By 1926 the losses incurred during the non-co-operation movement had been entirely regained and the number of pupils reading in high schools alone showed an increase of 585 over the figures for the year 1919-20. Girls' schools were almost unaffected by the non-co-operation movement and steadily increased in strength, high schools alone increasing in strength between 1916 and 1926 by over 120 per cent.

Very little improvement has taken place in the staffing of secondary schools, the percentages of trained teachers to the total number of teachers being :—1916, 18·4 per cent., 1921, 19 5 per cent., and 1926, 20 1 per cent In 1925 fees were increased, teachers' salaries were raised and the rates of grant-in-aid were revised, and these measures have improved the prospects of the trained teachers But there are only two training colleges for graduates in Bengal and the supply of trained teachers continues to be absolutely inadequate.

Expenditure.—In 1916 the total expenditure from all sources on secondary schools was Rs. 80·14 lakhs; in 1921 it was Rs. 104·87 lakhs and in 1926 it was Rs. 121·06 lakhs.

Between 1916 and 1921 the total expenditure increased by Rs. 24·74 lakhs or by 30·9 per cent. and between 1921 and 1926 it increased by Rs. 16·18 lakhs or by 15·4 per cent.

In 1916 Government funds met 15·6 per cent. of the total expenditure, Local Board funds 3·2 per cent., fees 67·1 per cent. and other sources 14·1 per cent.

The corresponding figures for the years 1921 and 1926 were :—

1921,—Government funds 16·8, Local Board funds 2·9, fees 64·6 and other sources 15·7.

1926,—Government funds 20·2, Local Board funds 2·9, fees 59·9 and other sources 17·0.

The percentage of expenditure on secondary education to the total expenditure on education was 31·2 in 1916, 33·9 in 1921 and 32·1 in 1926.

United Provinces.—In 1916 there were 726 recognised secondary schools with an enrolment of 109,291 scholars. In 1921 there were 952 schools with 110,686 scholars and in 1926 there were 1,024 schools with 141,931 scholars. Between 1916 and 1921 the number of schools increased by 226 or by 31·1 per cent and the number of scholars increased by 1,395 or by 1·3 per cent.

Between 1921 and 1926 the number of schools increased by 72 or 7·6 per cent. and the number of scholars increased by 31,245 or by 28·2 per cent.

Between 1916 and 1921 the rate of decrease for male scholars only was 3 9 per cent., but between 1921 and 1926 male scholars increased by 26 0 per cent. During the same periods female scholars increased by 55·5 and 42·7 per cent. respectively.

In spite of the non-co-operation movement and the economic depression the period 1916 to 1921 witnessed a slight increase in the number of scholars But the most marked advance was made both in this period and in the period 1921 to 1926, in the numbers and enrolment of vernacular middle schools In 1916 there were 449 such schools with 50 772 scholars, in 1921 632 schools with 50 067 scholars, and in 1926, 719 schools with 68 272 scholars The slight fall in the number of scholars between 1916 and 1921 was due only to the temporary effects of the non-co-operation movement in the year 1920 21 The expansion of vernacular secondary education was a direct corollary of the expansion in primary education which resulted from the programmes prepared in 1918 and 1919.

The percentage of trained teachers to the total number of teachers has steadily increased, the figures for the years 1916, 1921 and 1926 being 47·7, 51·9 and 58·2 respectively Between 1916 and 1921 the pay of teachers in Government schools was twice revised and large additional grants were given in 1921 to improve the pay of teachers in aided schools In 1924 a provident fund scheme for aided schools' teachers was started. These improvements attracted more trained teachers but the low prospects and the insecurity of tenure in aided schools are still responsible for the low percentage of trained teachers in such schools

In 1921 the United Provinces Intermediate Education Act was passed and in accordance with its provisions a Board of High School and Intermediate Education was established The Board conducts the examinations at the end of the High School and Intermediate courses, recognises institutions for the purpose of its examinations and prescribes courses of study for the Intermediate classes and for the High and Middle sections of English Schools.

Expenditure.—In 1916 the total expenditure from all sources on secondary schools was Rs. 38·67 lakhs; in 1921 it was Rs 55·42 lakhs and in 1926 it was Rs. 89 23 lakhs.

Between 1916 and 1921 the total expenditure increased by Rs. 16·76 lakhs or by 43·3 per cent. and between 1921 and 1926 it increased by Rs. 33·81 lakhs or by 61·0 per cent.

In 1916 Government funds met 28·8 per cent. of the total expenditure, Local Board funds 12·4 per cent., fees 39·5 per cent. and other sources 19·3 per cent.

The corresponding figures for 1921 and 1926 were :—

1921,—Government funds 40·6, Local Board funds 10·2, fees 30·6 and other sources 18·6.

1926,—Government funds 49·9, Local Board funds 6·1, fees 26·1 and other sources 17·9

In 1916 the percentage of expenditure on secondary education to the total expenditure on education was 27·8, in 1921, 22·9, and in 1926, 28 5.

Punjab.—In 1916 there were 484 recognised secondary schools with an enrolment of 117,662 scholars. In 1921 there were 1,075 schools with 203,591 scholars and in 1926 there were 2,335 schools with 440 655 scholars. Between 1916 and 1921 the number of schools increased by 591 or by 122·1 per cent. and the number of scholars by 85,929 or by 73 per cent.

Between 1921 and 1926 the number of schools increased by 1,260 or by 117·2 per cent. and the number of scholars by 237,061 or by 116 4 per cent.

Between 1916 and 1921 the number of male scholars increased by 76·6 per cent. and the number of female scholars by 35·7 per cent. The corresponding figures for the period 1921 to 1926 were 122·5 per cent. and 31·4 per cent respectively

The large rise in the number of schools and scholars in both periods under review, while it includes a considerable increase in the number of high schools and pupils in the higher classes, was mainly due to the reclassification of schools which took place in the year 1919-20 whereby the fifth primary class became secondary in character and to the deliberate policy of converting primary schools into vernacular middle schools.

The relative increases between high schools and vernacular middle schools can be seen from the following figures :—

	1916	1921	1926.
High Schools—			
Schools	148	205	306
Pupils	53 714	74,349	114,682
Vernacular Middle Schools—			
Schools	187	674	1,810
Pupils	34,501	89,543	280,487

The percentage of trained teachers to the total number of teachers has shown satisfactory improvement and by 1926 was higher than any other province with the exception of Madras. In 1926 the percentage was 61·3, in 1921, 66 6, and in 1926, 73·9. Simultaneously with the

adoption of programmes for the expansion of primary and middle school education the Government of the Punjab largely increased the facilities for training and this, coupled with an improvement in the pay of teachers, has ensured a fairly adequate supply of trained teachers.

Expenditure.—In 1916 the total expenditure from all sources on secondary schools was Rs. 30·94 lakhs; in 1921 it was Rs. 59·84 lakhs and in 1926 it was Rs. 99·28 lakhs

Between 1916 and 1921 the total expenditure increased by Rs. 28·90 lakhs or by 93 4 per cent. and between 1921 and 1926 it increased by Rs. 39·44 lakhs or by 65 9 per cent

In 1916 Government funds met 21·8 per cent of the total expenditure, Local Board funds 18·4 per cent, fees 46·3 per cent and other sources 13·5 per cent

The corresponding figures for the years 1921 and 1926 were —

1921,—Government funds 33·6, Local Board funds 15 5, fees 34·2 and other sources 16·7.

1926,—Government funds 43·2, Local Board funds 12·5 fees 33 4 and other sources 10·9

The percentage of expenditure on secondary education to the total expenditure on education has largely increased, the increase being mainly due to the increase in the number of vernacular middle schools. In 1916 the percentage was 27·6, in 1921, 32·5, and in 1926 38 8

Burma.—In 1916 there were 1,331 recognised secondary schools with an enrolment of 122 894 scholars. In 1921 there were 1,440 schools with 129,804 scholars and in 1926 there were 1 674 schools with 188 168 scholars.

Between 1916 and 1921 the number of schools increased by 109 or by 8·2 per cent and the number of scholars increased by 6 915 or by 5·6 per cent.

Between 1921 and 1926 the number of schools increased by 234 or by 16 3 per cent and the number of scholars increased by 58,359 or by 45 0 per cent.

Between 1916 and 1921 there was no increase in the number of male scholars, while the rate of increase for female scholars only was 20 7 per cent.

Between 1921 and 1926 the rate of increase for male scholars only was 40 0 per cent. and for female scholars 54·2 per cent

But for the boycott of schools and colleges which began in 1920 the increase in the number of scholars between 1916 and 1921 would have been considerably larger, a reduction of over 5 000 scholars occurring in the last year of the period alone

Since 1921 there has been a marked demand for education in Anglo-Vernacular schools and for the teaching of English in Vernacular Schools. While between 1916 and 1921 there was a fall in the number of pupils

reading in high schools, between 1921 and 1926 the number of such pupils rose by 119·8 per cent. The corresponding rise in the number of pupils reading in vernacular middle schools was only 26·1 per cent.

In 1916 the percentage of trained teachers to the total number of teachers was 42·6 The percentage rose to 57·1 in 1921 and to 58·8 in 1926.

The marked improvement between 1916 and 1921 was mainly due to the raising of the qualifications necessary to enter on the various courses of training, the reduction in the period of training in all grades to one year, the insistence on a university degree as a preliminary qualification for teaching work in a high school and to the training of graduates by a department of the University. In the period 1921 to 1926 little improvement was recorded and this has been attributed to the unattractiveness of the teaching profession and to lack of adequate facilities for higher grade training. In 1924 a scheme for the training by the University of all teachers for Anglo-Vernacular and English schools was under consideration, but it had not matured by the end of 1926.

In 1918 an advisory Anglo-Vernacular School Board was constituted and in 1919 a similar Board was established for English schools. In 1925 the two Boards were amalgamated and the new Board has since controlled the English and Anglo-Vernacular School and Middle School examinations and has advised the Educational Department on all matters connected with secondary education.

Expenditure.—In 1916 the total expenditure from all sources on secondary schools was Rs. 28·39 lakhs; in 1921 it was Rs. 41·18 lakhs and in 1926 it was Rs. 69·38 lakhs.

Between 1916 and 1921 the total expenditure increased by Rs. 12·19 lakhs or by 45 0 per cent. and between 1921 and 1926 it increased by Rs. 28 20 lakhs or by 68·5 per cent.

In 1916 Government funds met 32·0 per cent. of the total expenditure, Local Board funds 21·1 per cent., fees 41·4 per cent. and other sources 5·5 per cent. The corresponding figures for the year 1921 and 1926 were:—

1921,—Government funds 39·6, Local Board funds 15·9, fees 31·9 and other sources 12·6.

1926,—Government funds 33·1, Local Board funds 17·4, fees 29·4 and other sources 20·1.

The percentage of expenditure on secondary education to the total expenditure on education in Burma was in both periods the highest in India, the figures being 1916,—43·6 per cent., 1921,—44·0 per cent. and 1926,—40 6 per cent.

Bihar and Orissa.—In 1916 there were 466 recognised secondary schools with an enrolment of 68,278 scholars. In 1921 there were 561 schools with 62,336 scholars and in 1916 there were 675 schools with 90 691 scholars.

Between 1916 and 1921 the number of schools increased by 98 or by 21·0 per cent. and the number of scholars decreased by 5,922 or by 8·7 per cent. Between 1921 and 1926 the number of schools increased by 111 or by 19·7 per cent. and the number of scholars increased by 28,338 or by 45·4 per cent.

Between 1916 and 1921 male scholars only decreased by 10 3 per cent., while female scholars increased by 46·4 per cent. Between 1921 and 1926 male scholars increased by 46 4 per cent. and female scholars by 26·9 per cent.

The fall in the number of scholars between 1916 and 1921 was confined to boys' schools and is reported to have been due to the non-co-operation movement, economic distress, epidemics, floods and the raising of the rates of fees. The effect of these causes may be judged by the figures for boys in high schools which show that between 1919-20 and 1921-22 the number of pupils fell by 8,419.

Since 1921 there has been a steady increase in the number of schools and scholars which may be accounted for by the reaction against non-co-operation, improved finances and an increase in grant-in-aid to aided schools.

In 1916 the percentage of trained teachers to the total number of teachers was 32·4. In 1921 it rose to 41·2 and in 1926 it was 50 0 The improvement recorded between 1916 and 1921 was mainly confined to vernacular teachers in middle and high schools and was due in part to the raising of the standard for admission to training classes and to the reduction of the period of training from three to two years. The further improvement which took place between 1921 and 1926 may be attributed to the opening of an additional training college in 1923, the raising of the rates of stipends for students under training and to the improvement in the pay and prospects of teachers.

In 1923 a Board of Secondary Education was constituted The Board has power to recognise, subject to the concurrence of the Syndicate of the Patna University, the fitness of schools to present candidates at the Matriculation examination and to submit to Government a budget of the sum required for grants to institutions under its control.

Expenditure.—In 1916 the total expenditure from all sources on secondary schools was Rs. 16·25 lakhs; in 1921 it was Rs. 23·28 lakhs; and in 1926 it was Rs. 29 48 lakhs.

Between 1916 and 1921 the total expenditure increased by Rs. 7·03 lakhs or by 43·3 per cent. and between 1921 and 1926 it increased by Rs. 6·19 lakhs or by 26·6 per cent.

In 1916 Government funds met 21·8 per cent. of the total expenditure, Local Board funds 9 1 per cent., fees 53·9 per cent. and other sources 14·9 per cent The corresponding figures for 1921 and 1926 were :—1921,—Government funds 32·7, Local Board funds 6 9, fees 42·3 and other sources 18·1. 1926,—Government funds 31·6, Local Board funds 12·1, fees 42·7 and other sources 13·6.

In 1916 the percentage of expenditure on secondary education to the total expenditure on education was 19·2, in 1921 it was 20·4 and in 1926 it was 19·2.

Central Provinces and Berar.—In 1916 there were 439 recognised secondary schools with an enrolment of 56,371 scholars. In 1921 there were 569 schools with 68,525 scholars and in 1926 there were 576 schools with 86,285 scholars.

Between 1916 and 1921 the number of schools rose by 130 or by 29·6 per cent. and the number of scholars rose by 12,154 or by 21·6 per cent. Between 1921 and 1926 the number of schools rose by 4 or by 0·7 per cent. and the number of scholars rose by 17,760 or by 25·9 per cent.

Between 1916 and 1921 the percentage of increase of male scholars only was 18·0 and between 1921 and 1926 it was 26·4. The corresponding figures for female scholars only were 90·9 and 19·6 respectively.

Though there was a rise in the total number of scholars between 1916 and 1921 the non-co-operation movement and famine seriously interfered with progress. The non-co-operation movement, however, only affected Anglo-Vernacular boys' schools in which there was a drop of over 3,000 pupils between 1919-20 and 1920-21. Between 1916 and 1921 high schools and middle English schools for boys lost 3,674 pupils, while vernacular middle schools for boys increased by over 14,000 pupils.

Since 1921 the scholars in all grades of institutions have increased very largely, particularly in middle English schools for boys, which, though they slightly decreased in numbers, increased in strength by nearly 8,000. In 1923 a uniform curriculum, with English as an optional subject, was sanctioned both for middle English schools and for Vernacular middle schools and with the increased provision for the study of English there was a large accession to their strength.

A very marked improvement has taken place in the staffing of secondary schools. The percentage of trained teachers to the total number of teachers was 38·9 in 1916, 50·1 in 1921 and 61·2 in 1926. The satisfactory progress recorded was mainly due to the increased output of trained teachers as a part of the definite programme of expansion of secondary education, the reorganisation in 1919 of the Government Training College, the improvement in the pay of teachers and to the raising of the rates of stipends.

In 1922 the Central Provinces High School Education Act was passed and in accordance with its provisions a Board of High School Education was established. The functions of this Board include the prescribing of courses of instruction for high and middle school classes, the conducting of high school examinations and the recognition of institutions for the purposes of its examinations.

Expenditure.—In 1926 the total expenditure from all sources on secondary education was Rs. 11·63 lakhs; in 1921 it was Rs. 21·57

lakhs and in 1926 it was Rs. 25·61 lakhs. Between 1916 and 1921 the total expenditure rose by Rs. 9 94 lakhs or by 85·5 per cent. and between 1921 and 1926 it rose by Rs. 4 04 lakhs or by 18·7 per cent.

In 1916 Government funds met 28·5 per cent. of the total expenditure, Local Board funds 32·9 per cent., fees 28·1 per cent. and other sources 10 5 per cent.

The corresponding figures for 1921 and 1926 were :—

1921,—Government funds 52·1, Local Board funds 19·4, fees 18·1 and other sources 10·4.

1926,—Government funds 49·1, Local Board funds 16 8, fees 24·6 and other sources 9·5.

In 1916 the percentage of expenditure on secondary education to the total expenditure on education was 24·3 , in 1921 it was 27·7 and in 1926 it was 24·9.

Assam.—In 1916 there were 263 recognised secondary schools with an enrolment of 37,163 scholars. In 1921 there were 335 schools with 40,088 scholars and in 1926 there were 365 schools with 46,940 scholars. Between 1916 and 1921 the number of schools rose by 72 or 27·4 per cent. and the number of scholars rose by 2,925 or by 7·9 per cent. Between 1921 and 1926 the number of schools rose by 30 or by 9 0 per cent. and the number of scholars rose by 6,852 or by 17·1 per cent.

Between 1916 and 1921 the rate of increase for male scholars only was 5·3 per cent. and between 1921 and 1926 it was 16·6 per cent. The corresponding figures for female scholars only were 43·3 per cent. and 21·8 per cent. respectively.

In spite of the effects of non-co-operation which were felt at the close of the period 1916 to 1921 and of the prevailing poverty, the strength of secondary schools had increased by 1921, though the expansion was neither satisfactory nor economic owing to the disproportionate increase of schools to scholars

Between 1921 and 1926 there was a normal increase in the number of scholars which was shared almost equally by the three classes of secondary institutions.

The percentage of trained teachers to the total number of teachers was 30·3 in 1916, 39 2 in 1921 and 41 8 in 1926.

For the training of graduate and under-graduate teachers Assam has had to depend on training institutions in Bengal and, though the figures show that progress has been made, any really rapid advance has been prevented by the absence of local facilities for training.

Expenditure.—In 1916 the total expenditure from all sources on secondary education was Rs. 6 88 lakhs ; in 1921 it was Rs. 9·85 lakhs ; and in 1926 it was Rs. 12·22 lakhs.

Between 1916 and 1921 the total expenditure increased by Rs. 2·97 lakhs or by 30 3 per cent. and between 1921 and 1926 it increased by Rs. 2·37 lakhs or by 24 0 per cent.

In 1916 Government funds met 30·3 per cent. of the total expenditure, Local Board funds 11·6 per cent., fees 48·4 per cent. and other sources 9·7 per cent.

The corresponding figures for 1921 and 1926 were :—

1921,—Government funds 40·3, Local Board funds 8·7, fees 40·1 and other sources 10·9.

1926,—Government funds 47·0, Local Board funds 9·6, fees 33 9 and other sources 9·5.

In 1916 the percentage of expenditure on secondary education to the total expenditure on education was 25·6, in 1921 it was 30·1 and in 1926 it was 30·1.

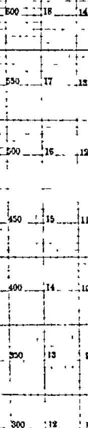
Chapter VIII.—Universities and Collegiate Education.

(I) *Universities.*

The number of Universities in British India was 5 in 1917, 12 in 1922 and 13 in 1926. The total number of scholars attending University courses was 58,639 in 1917; 59,595 in 1922 and 87,589 in 1926. These figures exclude the details for the Andhra and Agra Universities which did not commence to function until after March 1926. They also exclude the Mysore and Osmania Universities, which are situated outside British India, and the students reading in colleges located in Indian States.

As a result of the Despatch of 1854 the first University in India was established at Calcutta in 1857 and by the year 1887 four more Universities had been started at Bombay, Madras, Lahore and Allahabad. These 5 Universities were purely affiliating and examining bodies and between 1887 and 1902 the number of Arts Colleges affiliated to the Universities rose rapidly from 86 to 140. Private enterprise was stimulated by the recommendations of the Commission of 1882 and by 1902 out *of the total of 140 Arts Colleges 108 were under private management*. This rapid development placed a severe strain on the existing organisations of the Universities and it became evident that the Universities had not sufficient powers to supervise and control the affiliated colleges and their teaching. Mainly for this reason the Universities Commission of 1902 was appointed and in consequence of its recommendations the Universities were reconstituted by the Indian Universities Act of 1904 which strengthened the educational element on the Senates, increased the proportion of elected fellows, gave wider powers to the Universities in the matter of the control, inspection and affiliation of colleges and provided for the undertaking of teaching and research work by the Universities themselves. The five Universities remained, however, as affiliating types of Universities and between 1904 and 1917 the number of affiliated colleges in each University and the number of students reading in them expanded so rapidly that it became obvious

Graph showing the progress of Secondary Schools, pupils in them and total Direct Expenditure on them.



that further expansion on the same lines would seriously endanger efficiency. By 1917 there were 184 colleges, affiliated to the five Universities with a total enrolment of 61,225 students of which 28,618 were reading in colleges affiliated to the Calcutta University alone. The Government of India were alive to the danger of unrestricted affiliation and in their Resolution of 1913 suggested that it was necessary to limit the area over which affiliating Universities had control and to establish new local teaching and residential Universities. The Report of the Calcutta University Commission, which was presented in March 1919, confirmed the opinion as to the need for the reorganisation of the existing Universities and for the creation of local Universities of a new type, and in January 1920 the Government of India issued a Resolution summarising the report of the Commission and commending its recommendations to the consideration of all Local Governments. In consequence of this recognition of the need for reorganisation and expansion and in consequence of local patriotism and communal enthusiasm the period 1917 to 1926 witnessed a rapid growth in the number of Universities and a great change in their character. By March 1926 out of the 13 Universities in existence 5 were definitely unitary in character and 6 others had largely developed their teaching sides though they remained affiliating in character.

In May 1924 a conference of the representatives of Indian Universities was held at Simla and an important step towards the co-ordination of University work was taken by the establishment of an Inter-University Board to consider all important questions affecting the policy, administration and development of the various Indian Universities. The first meeting of the Board was held at Bombay in March 1925

Expenditure.—In 1917 the total expenditure on Universities was Rs. 25·51 lakhs, of which Rs. 4·82 lakhs were Government funds, Rs. 15·97 lakhs fees and Rs. 4·71 lakhs other sources. In 1922 the total expenditure was Rs. 76·01 lakhs, of which Rs. 22·28 lakhs were Government funds, Rs. 25·08 lakhs fees and Rs. 28·67 lakhs other sources.

In 1926 the total expenditure was Rs. 95·41 lakhs, of which Rs. 46·58 lakhs were Government funds, Rs. 39·43 lakhs fees and Rs. 9·40 lakhs other sources.

The increase in the expenditure from Government funds and other sources between 1917 and 1922 is mainly accounted for by the large capital expenditure on new Universities.

Between 1916 and 1921 new Universities were established at Benares, Patna, Aligarh, Rangoon, Lucknow and Dacca, and between 1921 and 1926 the Delhi and Nagpur Universities were founded.

THE CALCUTTA AND BOMBAY UNIVERSITIES.—Since the passing of the Universities Act of 1904 no material alteration has taken place in the organisation of the Universities of Bombay and Calcutta, though the latter University was considerably reduced in size owing to the

foundation of the Dacca University in 1922. Both Universities have, however, in accordance with the provisions of the Act of 1904, developed their teaching sides considerably.

By the year 1926 the Bombay University had an endowed lectureship in Languages and Literature, a chair of Sociology and a chair of Economics, and in Calcutta University there were Law, Economics, Mental and Moral Sci[illegible] in History, Comparative Philolo[illegible]y, Applied Mathematics, Indian [illegible] Professorships. The Calcutta University also maintained its own College of Science and a Law College. In both Universities there were a large number of University Assistant Professors, Fellows, Lecturers, Readers and Research Scholars.

Except for the transfer of control from the Government of India to the Local Government and the foundation of the Dacca University the Report of the Calcutta University Commission resulted in no important changes in the Calcutta University.

THE MADRAS UNIVERSITY.—The Madras University was reorganised by an Act of the Local Legislature in 1923. This Act attempted to combine the functions of a teaching and residential University with those of an affiliating University by providing for a teaching University [illegible] City and the retention of the powers [illegible]l of mufassil colleges by the University. The Act further provided for the creation of an enlarged Senate with an elective majority, the establishment of an Academic Council and a Council of affiliated colleges and the appointment of a whole-time paid Vice-Chancellor.

By 1926 the University had under its direct control a Department of Economics with a University Professor, a Reader and two Lecturers and a Department of Indian History and Archæology with a Professor. In 1916 a chair of Comparative Philology was created, but the Professorship has been vacant since 1919.

In addition to these Professorships the University provided for the delivery of a number of special University lectures and for the maintenance of several readerships and research scholarships.

THE ALLAHABAD UNIVERSITY.—The Allahabad University was reconstituted by an Act of the United Provinces Legislative Council in 1921. As a result of the provisions of this Act the University was divided into an "internal" side—comprising a Unitary and Teaching University in Allahabad City and an "external" side consisting of the affiliated institutions situated at other centres. The teaching University ceased to maintain intermediate classes, and intermediate education in all colleges came under the control of a Board of High School and Intermediate Education. With the passing of the Agra University Act in August 1926 the external side of the University has, however, been completely removed.

Between 1901 and 1926 the teaching side of the University was developed by the establishment of a University School of Law, a Professorship of Modern History and a Chair of Post-Vedic studies (abolished in 1918). Since 1923 the internal side of the University has provided for instruction in English, Philosophy, History, Sanskrit, Arabic, Persian, Urdu, Hindi, Mathematics, Physics, Chemistry, Botany, Zoology, Commerce, Economics, Teaching and Law.

THE PUNJAB UNIVERSITY —The Punjab University was established in 1882 and, except for the creation of an Academic Council in 1922, its organisation has not been materially altered since that date. By 1926 the teaching side of the University had been developed so as to include the management of a Law College and an Oriental College and departments of Mathematics, Economics, Botany, Zoology, Physical Chemistry and Inorganic Chemistry, with whole-time and part-time Professors attached.

THE BENARES UNIVERSITY.—The Benares Hindu University was established by an Act of the Imperial Legislative Council in 1915 and came into being in October 1917. The creation of this University was the result of the development of a long cherished scheme for the establishment of an All-India Unitary and Residential University for Hindus and its foundation was made possible by the large contributions which were donated by Ruling Princes and private persons.

By 1926 there were seven constituent colleges of the University—an Arts and Science College, a College of Oriental Learning, a College of Theology, a Teachers' Training College, an Engineering College, an Ayurvedic College and a Law College. The University also maintains a separate department of Mining and Metallurgy.

THE PATNA UNIVERSITY.—The Patna University was established by an Act of the Indian Legislature in 1917. The intention of the Act was to create a University which would be both teaching and federal in character but hitherto the University has remained an affiliating and examining body and by the year 1926 the teaching side of the University was only represented by Readerships in Indian Economics; Natural Science and Hindi

THE RANGOON UNIVERSITY.—The University of Rangoon was established by an Act of the Burma Legislative Council in 1920. This Act provided for a Residential and Teaching University at Rangoon with two constituent Colleges, but by an amending Act of 1924 the power of affiliating colleges outside Rangoon was given to the University Council and the affiliation of a Government Intermediate Constituent College at Mandalay in 1925 has created an anomaly within the Teaching University. The College is managed on behalf of the University by a Governing Body of nominated and elected members.

By the year 1926 the University Departments of teaching included Arts, Science, Geology, Geography, Teaching, Law, Engineering, Forestry, Medicine and Fine Arts.

The Aligarh University.—By the Muslim University Act of 1920 the Muhammadan Anglo-Vernacular Oriental College at Aligarh was converted into the Aligarh Muslim University. The University is Unitary and Residential and, in the same manner as the establishment of the Benares University represented the fulfilment of the ambitions of the Hindu community, the Aligarh University was the outcome of communal enthusiasm and private generosity among Muslims all over India. By 1926 the University was maintaining departments of English, History, Economics, Philosophy, Physics, Chemistry, Mathematics, Geography, Sunni Theology, Shia Theology, Arabic, Persian, Urdu, Sanskrit, Botany, Zoology, Law, Education and Islamic studies.

The Lucknow University.—The Lucknow University was established by an Act of the United Provinces Legislative Council in 1920. The University is a Teaching and Unitary University, with all teaching organised directly by the University. By the year 1926 the University departments of teaching included Arts, Science, Law, Commerce and Medicine.

The Dacca University.—The founding of the Dacca University was the direct outcome of the Report of the Calcutta University Commission and the University was established by an Act of the Imperial Legislature in 1920 It is a Residential and Teaching University with all teaching controlled directly by the University except the teaching in Education which is under Government.

By 1926 the University Departments of teaching included Arts, Science, Education, Law, Commerce and Agriculture.

The Delhi University.—The Delhi University was established by an Act of the Indian Legislature in 1922. It is a Unitary University with 7 constituent colleges, though the constituent colleges are not under the direct management of the University. Instruction in the Departments of Science and Law is provided entirely by the University and in addition the teaching in the colleges is supplemented by University Readers in Economics and Philosophy.

The Nagpur University.—The Nagpur University was established by an Act of the Central Provinces Legislature in 1923. The University is an affiliating University and is not directly responsible for the organisation of any teaching, except for instruction in Law which is imparted in the University College of Law.

An Andhra University, for the Telegu districts of the Madras Presidency, was established in April 1926 and the Agra University Act was passed in August of the same year. Both Universities are affiliating Universities.

(II) *Arts and Professional Colleges.*

Arts Colleges —In 1916 there were 147 Arts Colleges in British India with an enrolment of 45,818 scholars; in 1921 there were 160 colleges with 48,170 scholars; and in 1926, 215 colleges with 69,869 scholars.

The figures show that there has been a rapidly increasing demand for collegiate education, especially in the period 1921 to 1926. Not only has the total number of scholars increased by over 50 per cent. since 1916, but, in spite of the very large increase in the enrolment of all other classes of institutions, the percentage of scholars in Arts Colleges to the total number of scholars in all institutions has slightly risen.

Between 1921 and 1926 the largest increase in the number of colleges occurred in the United Provinces, from 20 to 42, and the largest increase in the number of scholars occurred in Bengal, from 19,788 to 25,021.

In Bengal in 1926, 1·1 per cent. of the total number of scholars in all institutions were reading in Arts Colleges as against 0·7, the average for all India.

The total number of scholars appearing for a Degree in Arts and Science increased from 10,169 in 1916 to 14,237 in 1926 and the percentage of those who obtained a Degree in each of the years improved from 51 per cent to 54 per cent

Professional Colleges.—In 1916 the total number of Professional Colleges of all kinds was 57 ; in 1921 it was 72 ; and in 1926, 80 In 1916 the total number of scholars reading in Professional Colleges was 9,671 ; in 1921 it was 13,154 ; and in 1926, 17,720. Between 1916 and 1921 the number of scholars increased by 36 0 per cent. and between 1921 and 1926 by 34·7 per cent. Not only was there a large increase, in both periods, in the number of scholars attending classes for higher Professional Education, but between 1916 and 1926 the percentage of the number of scholars in Professional Colleges to the total number of scholars in all colleges increased from 17·4 to 20·2 per cent.

The following table gives the number and type of the Professional Colleges in each of the years 1916, 1921 and 1926.

	1916	1921	1926
Law College	22	20	12
Medical College	5	8	10
Engineering College	4	5	7
Training College for Teachers	12	19	21
Agricultural College	7	7	9
Veterinary College	5	5	5
Commercial College	1	5	14
Forest College	1	3	2
Total	57	72	80

Law.—Though the number of colleges declined from 22 in 1926 to 20 in 1921 and again to 12 in 1926, the number of scholars largely increased, especially between 1921 and 1926. In 1916 there were 4,557 scholars ; in 1921, 5,232 scholars ; and in 1926, 8,191 scholars, including 8 ladies. The decrease in the number of colleges between 1921 and 1926 occurred mainly in Bengal, the United Provinces and in Bihar

and Orissa and was due to the closure of inefficient institutions, to a policy of concentration and to the merging of certain institutions into the teaching organisation of new Unitary or Teaching Universities. In spite of the fact that admittedly there has been for a number of years considerable overcrowding in the legal profession the number of students seeking admission into Law Colleges has steadily increased. It has, however, become clear that in recent years large numbers of students read for *Law*, not because they especially desire to take up the legal profession, but because they cannot obtain suitable employment after graduating from Universities and a further two years' study in a Law College postpones the ultimate decision as to the future.

The largest increases in the number of students reading for *Law* between the years 1921 and 1926 occurred in Bengal, Madras and Bombay. In Bengal the number rose from 2,502 to 3,804, in Madras from 568 to 862 and in Bombay from 673 to 908. In addition to the Law Colleges mentioned above there were departments of Law teaching [illegible]

Medicine.—Though the number of Medical Colleges increased from 5 in 1916 to 10 in 1926, the number of medical students only increased from 2,096 in 1916 to 3,770 in 1921 and declined to 3,743 in 1926. The slight reduction in the number of medical students between 1921 and 1926 is, however, no indication of a falling off in the demand for higher medical education, but was due to a definite restriction of admissions owing to the inadequacy of the staff, accommodation and equipment of several colleges to meet the full demand.

In 1926 there were 2 Medical Colleges in Madras, 2 in Bombay, 3 in Bengal, 1 in the Punjab, 1 in Bihar and Orissa and 1 in Delhi (for women).

All the Colleges were Government Colleges except one Municipal College in Bombay, one aided college in Bengal and the aided women's college at Delhi.

In addition to these colleges there were departments of medical study in the Lucknow and Rangoon Universities and a college of Ayurvedic Medicine in the Benares University.

Engineering.—In 1916 there were 1,296 students reading in Engineering Colleges, 1,424 in 1921 and 2,028 in 1926. In 1916 there were only 4 Engineering Colleges, at Madras, Poona, Sibpur and Roorkee. By 1926 three more colleges had been established at Karachi, Moghulpura in the Punjab and at Patna. All the colleges are Government colleges except the Karachi college which is an aided institution. The number of students reading in these colleges fluctuated very considerably in both periods, particularly the number of students reading in the subordinate engineering classes. The latter number has varied in accordance with the state of recruitment to subordinate posts in Government service, but the pressure for admission into the Degree classes has,

in most colleges, been constant and large numbers of applicants have had to be refused admission each year.

Diploma or Degree courses in Civil Engineering are provided for at all the colleges; Mechanical Engineering courses are provided for at Moghulpura, Poona, Sibpur and Madras and Electrical Engineering courses are provided for at Poona and Sibpur Degree courses in Mining are provided for at Sibpur.

In addition to the above Colleges there is a Department of Engineering in the Rangoon University with Degree courses in Civil Engineering and an Engineering College in the Benares University with courses in Mechanical, Electrical and Mining Engineering.

Education.—The training of teachers has been dealt with in a separate chapter

Agriculture.—In 1916 there were 487 students reading in Agricultural Colleges: in 1921, 724 students; and in 1926, 1,015. In 1926 there were 9 institutions classified as Agricultural Colleges, including the Government Colleges at Coimbatore, Poona, Lyallpur, Nagpur, Cawnpore, Mandalay, the Mission College at Allahabad, the Imperial Institute of Animal Husbandry at Bangalore and the post-graduate classes at the Pusa Agricultural Research Institute. The Agricultural College at Sabour, in Bihar and Orissa, was closed in 1923 owing to there being little demand for higher agricultural education in that province.

In 1926 there were Degree courses in Agriculture in the Universities of Madras, Bombay, Nagpur and the Punjab.

Commercial.—In 1916 there were 185 students reading in Commercial Colleges; in 1921, 470; and in 1926, 1,507. In 1916 there was only one Commercial College in British India, in 1921 there were 5 colleges, and in 1926, 14 colleges. The large increase in the number of colleges and scholars, especially in the period 1921 to 1926, was undoubtedly [illegible] arose partially [illegible] nd Science find-

It was in Bombay that the first of the new advanced type of commercial institutions was started by the opening of the Sydenham College of Commerce in 1913, the aim of the college being to prepare students for positions of responsibility in the commercial world.

In 1926 there were 253 students reading in the Sydenham College, but every year since its foundation the number of applicants has far exceeded the possible admissions.

The establishment of the Accountancy Diploma Board at Bombay in 1918 also stimulated the demand for commercial training and by 1926 the Board was holding its examinations for the grant of Auditor's Certificates annually in Allahabad, Bombay, Calcutta, Madras and Rangoon.

By the year 1926 in addition to the University of Bombay, the Universities of Calcutta, Lucknow, Allahabad, the Punjab and Dacca had instituted Degree or Diploma courses in commercial subjects.

Forestry.—In 1916 there were 61 students reading in the Forest College, Coimbatore; in 1921, 143 students were reading in the two colleges at Coimbatore and Dehra Dun; and in 1926 the total enrolment at the two colleges was 113.

In 1920 a Forest College was opened at Dharwar in Bombay and 8 students attended the courses, but the college was closed in 1922.

In 1926, in addition to the instruction provided in these colleges there were a B.Sc. Degree course and a Diploma course in Forestry in the Rangoon University.

Veterinary.—In both the periods under review there were 5 Veterinary Colleges, at Madras, Calcutta, Bombay, Lahore and Insein, and the total number of students was 407 in 1916, 431 in 1921 and 320 in 1926. The reduction in the number of students between 1921 and 1926 is attributed to the shortage of openings in Government service.

Chapter IX.—The Education of Girls.

In 1916 the total number of recognised institutions for women was 18,672; in 1921,—23,584 and in 1926,—27,110.

In 1916 the total number of female scholars reading in all classes of recognised institutions was 1,112,024; in 1921, 1,346,857; and in 1926, 1,624,559.

Between 1916 and 1921 the total number of institutions increased by 26·3 per cent. and the number of scholars by 21·1 per cent. and between 1921 and 1926 the number of institutions increased by 14·9 per cent. and the number of scholars by 26·6 per cent.

The percentage of female scholars in recognised institutions to the total female population was 0·9 in 1916, 1·1 in 1921 and 1·3 in 1926. These figures may be compared with the percentages for male scholars which were:—1916,—4·7, 1921,—5·1 and 1926,—6·5. Not only has the standard of female education remained far behind that of males, but the progress made has been relatively slower than the progress made in the education of boys.

The obstacles in the way of progress in the education of girls have been many and to the difficulties which are common to the education of both boys and girls have to be added—traditional prejudice, early marriage, the Purdah system, the lack of women teachers and the relatively high cost of providing girls' schools.

The special steps which have been taken to overcome these difficulties have been discussed below for each province but throughout India the education of girls has been encouraged by the remission of fees,

the reservation of scholarships, the opening of separate institutions, the creation of a body of trained women teachers, the employment of women inspecting officers and the appointment of women's advisory committees.

The individual provinces have, however, varied very considerably in their rate of progress and in their stage of advancement.

During the whole period from 1916 to 1926 the Central Provinces were unable to increase the percentage of girls under instruction and Bihar and Orissa and Assam only improved by 0 1 per cent. But Madras increased its percentage by 0·9 and Bombay by 0·7.

In Bombay, Bengal and the United Provinces greater progress was recorded between 1916 and 1921 than between 1921 and 1926 while in the Central Provinces the percentage actually declined between 1921 and 1926 Progress in Madras and in Burma was much more rapid between 1921 and 1926 than between 1916 and 1921 and in Burma the percentage of girls under instruction, which had declined from 2·0 in 1916 to 1·8 in 1921, rose to 2·3 in 1926.

By 1926 the percentage of girls under instruction varied from 2·3 in Madras and Burma to 0 5 in the United Provinces and the Central Provinces and all other provinces with the exception of Bombay (2·1) had less than one per cent of their female population under instruction.

The higher education of women has progressed considerably, but the number of women reading in colleges and high schools still only represents a minute proportion of the total number of female scholars. In 1916, 600 or 0 05 per cent. of the total number of women under instruction were in colleges; in 1921, 1,388 or 0·10 per cent. and in 1926, 2,205 or 0·13 per cent. In 1916, 23,254 girls or 2 0 per cent. were in high schools; in 1921, 33,915 or 2·7 per cent. and in 1926, 51,560 or 3·1 per cent. In 1916 the figures for colleges included 79 women in Medical Colleges and 52 in Training Colleges for teachers, in 1921, 176 women in Medical Colleges, 56 in Training Colleges and 3 in Commercial Colleges and in 1926, 182 in Medical Colleges, 134 in Training Colleges and 8 in Law Colleges.

The number of scholars in primary schools increased from 993,198 in 1916 to 1,210,558 in 1921 or by 21·9 per cent. and from 1,210,558 in 1921 to 1,434,639 in 1926 or by 18·5 per cent Primary schools increased more rapidly in numbers and strength between 1916 and 1921 than between 1921 and 1926 and the lower rate of increase in the number of schools and scholars between 1921 and 1926 appears to have been due to the tendency on the part of Local Boards to concentrate on the provision of boys schools, and to the exclusion of girls from most schemes of compulsion Co-education, though practically confined to the lower classes, was common in both periods though the total number of girls reading in recognised boys' schools has slightly declined. In 1916, 40 6 per cent of the number of girls under instruction were in boys schools; in 1921, 38·2 per cent. and in 1926, 38 0 per cent. The figures for the number of girls in boys schools vary very largely as between

province and province and are dependent on the facilities which exist for the separate education of girls, on the general state of advancement of education, on social customs and on the extent of the feeling against any form of co-education. In 1926 the percentages of the number of girls reading in boys schools to the total number of female scholars in the various provinces were as follows :—Burma 75·1, Madras 53 9, Assam 50·6, Bihar and Orissa 37·0, the Central Provinces 34·2, the United Provinces 33·8, Bombay 33 0, Bengal 14·3 and the Punjab 3·5. It is not perhaps without significance that Burma and Madras which have the highest percentage of girls under instruction are at the top of the above list and that Bengal which has the largest number of separate institutions for girls and the Punjab where social customs are most rigid are at the bottom of the list.

Expenditure.—In 1917 the total direct expenditure on girls' education was Rs. 92·85 lakhs of which Government funds met 38·6 per cent., Local Board funds 21·5 per cent., fees 14·2 per cent. and other sources 25·7 per cent., in 1922 the total expenditure was Rs. 163·09 lakhs of which Government funds met 47·4 per cent., Local Board funds 18·4 per cent., fees 12·2 per cent. and other sources 22·0 per cent. and in 1926 the total expenditure was Rs. 203·38 lakhs of which Government funds met 44·9 per cent., Local Board funds 19·4 per cent., fees 12·9 per cent. and other sources 22·8 per cent.

Between 1916 and 1921 the total expenditure increased by 75·6 per cent. and between 1921 and 1926 by 24·7 per cent.

The following paragraphs give details for the provinces. The figures given in each case exclude boys reading in girls schools and include girls reading in boys' schools.

Madras.—In 1916 there were 1,734 recognised institutions for females with an enrolment of 131,068 female scholars and the total number of female scholars reading in all classes of institutions was 293,617.

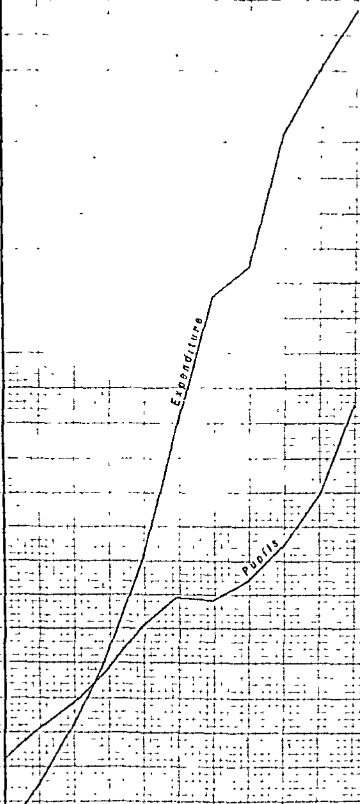
The corresponding figures for 1921 and 1926 were :—1921, 2,556 institutions with 171,831 scholars and a total of 358,402 scholars; 1926, 3,416 institutions with 224,536 scholars and a total of 486,662 scholars.

Between 1916 and 1921 the number of institutions for females increased by 47·4 per cent. and the total number of female scholars increased by 22·1 per cent. The corresponding figures for the period 1921 to 1926 were 33·6 per cent. and 35·8 per cent. In 1916 the percentage of female scholars in recognised institutions to the total female population was 1·4 ; in 1921, 1·7 and in 1926, 2·3.

While the rate of increase in the number of institutions especially intended for women declined in the period 1921 to 1926, it is noteworthy that the number of girls reading in boys' schools increased by 40·4 per cent., as against an increase of only 14·7 per cent. between 1916 and 1921.

Between 1916 and 1921 the following measures were adopted to improve the education of girls :—Girl pupils were admitted into all classes

on Institutions for Females.



of institutions at half rates of fees, a Deputy Directress of Public Instruction was appointed to correlate and direct all the activities of girls education; the inspecting agency for girls' schools was strengthened; the scholarships and fee remission for girls in all grades of institutions were largely increased and special scholarships were instituted for Hindu widows, the number of trained women teachers was increased; the rates of pay of woman teachers were improved and hostels were attached to a number of institutions for women

Between 1921 and 1926 the number of widow scholarships and the number of scholarships tenable by girls in colleges and primary schools were increased, additional facilities were provided for the training of women teachers; the inspecting agency was strengthened and a woman Specialist in Physical Training was appointed. In this period girl students were only admitted to schools and colleges at half rates of fees on the production of poverty certificates.

COLLEGIATE EDUCATION.—In Collegiate education very considerable progress has been made, especially in the period 1921 to 1926.

In 1916 there were 3 Arts Colleges for women and a total of 151 women scholars, of whom 14 were in Medical Colleges and 3 in Teachers Training Colleges By 1921 there had been no increase in the number of colleges, but the total number of women scholars had increased to 330, including 25 in Medical Colleges. In 1926 there were 5 Arts Colleges for women and 2 Training Colleges and the total number of scholars was 557, including 46 in Medical Colleges, 41 in Training Colleges and 1 in the Law College.

SECONDARY EDUCATION.—In 1916 there were 71 secondary schools for girls and 11,340 girls were reading in secondary schools; in 1921 there were 86 schools and 14,813 scholars and in 1926 there were 100 schools and 18,893 scholars.

PRIMARY EDUCATION.—In 1916 there were 1,619 primary schools for girls and 280,558 girl pupils were reading in primary schools; in 1921 there were 2,411 schools and 340,175 pupils and in 1926 there were 3,243 schools and 462,998 pupils.

Between 1916 and 1921 the number of pupils increased by 21·2 per cent. and between 1921 and 1926 by 36·1 per cent. In the latter period Government handed over the management of all Government primary schools for girls, except those in the Agency tracts, to Local Boards and by 1926 elementary education was compulsory for girls, excluding Muhammadan girls, in seven divisions of the City of Madras and in two other municipalities.

Expenditure.—In 1916 the total direct expenditure on institutions for Indian girls was Rs. 15·97 lakhs, in 1922 the total expenditure was Rs. 29·98 lakhs, towards which Government funds contributed 61·5 per cent., Local Board funds 9·7 per cent., fees 5·2 per cent. and other sources 23·6 per cent. and in 1926 the total expenditure was Rs. 40·36 lakhs, towards which Government funds contributed 50·4 per cent.,

Local Board funds 20·1 per cent., fees 5·4 per cent. and other sources 24·1 per cent.

Bombay.—In 1916 there were 1,198 recognised institutions for females with an enrolment of 87,546 female scholars and the total number of female scholars reading in all classes of institutions was 134,833. The corresponding figures for 1921 and 1926 were:—1921,—1,630 institutions with 116,087 scholars and a total of 180,601 scholars; 1926,—1,634 institutions with 132,650 scholars and a total of 198,114 scholars.

Between 1916 and 1921 the number of institutions for females increased by 36·1 per cent. and the total number of female scholars increased by 34·0 per cent. The corresponding figures for the period 1921 to 1926 were 0·2 per cent. and 9 7 per cent. In 1916 the percentage of female scholars to the total female population was 1·4; in 1921,—2·0 and in 1926,—2·1.

It is difficult to account for the decline in the rate of progress between 1921 and 1926, but the absence of new schools for girls, the shortage of women teachers and the disinclination of parents to send girls to boys' schools would appear to be the main reasons for the lack of greater progress. In this connection it is perhaps noteworthy that, while between 1916 and 1921 the number of girls reading in boys' schools increased by 30 per cent. between 1921 and 1926 the number only increased by 1·4 per cent. It is also significant that even by 1926, 78 per cent. of the pupils studying in colleges and secondary schools were either Europeans, Anglo-Indians, Indian Christians, Brahmins or Parsis.

Between 1916 and 1921 the following measures were adopted to help forward the education of girls:—No fees were charged in Government or District Board primary schools for girls; special scholarships were reserved for girls in primary and secondary schools and for medical training; scholarships were given to women undergoing training in elementary training schools; the pay of women teachers was raised and higher grants were paid to aided girls' schools than those paid to boys' schools.

Between 1921 and 1926 no further special measures were adopted to improve girls' education except that a separate vernacular final examination was instituted for girls in 1924.

COLLEGIATE EDUCATION.—There are at present no special colleges for women in the Bombay Presidency, but the number of women attending Arts and Professional Colleges for men has largely increased, especially in the period 1921 and 1926. In 1916, 106 women were readir [illegible] Medical Colleges; in 1921, 238 women were [illegible] Colleges, including 63 in Medical Colleg [illegible] teachers and in 1926, 467 women were reading in Arts and Professional Colleges, including 58 in Medical Colleges, 7 in Training Colleges and 4 in the Law College. The figures indicate that the absence of separate colleges for women has not prevented an advance in collegiate education. But progress has been

almost entirely confined to the European, Anglo-Indian, Indian-Christian. Parsee and Brahmin communities, the members of which form 70 per cent. of the girls reading in colleges.

SECONDARY EDUCATION.—In 1916 there were 80 secondary schools for girls and 8,929 girls were reading in secondary schools; in 1921 there were 84 secondary schools for girls and 10 821 girls were reading in secondary schools and in 1926 there were 80 schools and 12 606 scholars.

Progress in secondary education was slow in both periods and was almost entirely confined to the advanced communities, the total number of girls from backward classes in 1926 being only 235.

PRIMARY EDUCATION.—In 1916 there were 1 093 primary schools for girls and 124 680 girls reading in primary schools, in 1921 there were 1.505 schools and 167 459 scholars and in 1926—1,498 schools and 182,086 scholars

Between 1916 and 1921 the number of scholars increased by 34·3 per cent. and between 1921 and 1926 by 8·7 per cent

The inadequacy of the female inspecting staff and the scarcity of women teachers are reported to be the main causes for the low rate of progress between 1921 and 1926 By the year 1926 compulsion for girls, excluding Muhammadan girls, was in force in two municipalities and in two wards in the city of Bombay.

Expenditure.—In 1917 the total expenditure on Indian girls' schools was Rs. 15·48 lakhs; in 1922, Rs. 34·58 lakhs and in 1926 it was Rs. 43·56 lakhs In 1926 Provincial funds met 43·7 per cent. of the total cost; Local Board funds 30·2 per cent., fees 8·2 per cent and other sources 17·9 per cent.

Bengal.—In 1916 there were 8,953 recognised institutions for females with an enrolment of 212,020 female scholars and the total number of female scholars reading in all classes of institutions was 273,850. The corresponding figures for 1921 and 1926 were:—1921,—12,249 institutions with 285.967 scholars and a total of 345,044 scholars; 1926,—13,955 institutions with 332,850 scholars and a total of 388,629 scholars.

Between 1916 and 1921 the number of institutions increased by 36·8 per cent. and the total number of scholars increased by 26 0 per cent. The corresponding figures for the period 1921 to 1926 were 13·9 per cent. and 12 6 per cent. In 1916 the percentage of female scholars to the total female population was 1·3; in 1921,—1·6 and 1926,—1·7.

Between 1916 and 1921 the steps taken to improve the education of girls included the following:—An increase in the inspecting staff; the raising of the pay of women teachers; an increase in the number of primary and secondary scholarships reserved for girls and the establishment of a large number of additional schools for girls. Between 1921 and 1926 no new measures were adopted to further the progress of girls' education but the number of colleges and high schools for girls was increased.

COLLEGIATE EDUCATION.—In Collegiate education rapid progress has been made, especially in the period 1921 to 1926. In 1916 there were 3 Arts Colleges and one Professional College for women and a total of 155 scholars, including 19 in Medical Colleges and 10 in Training Colleges for teachers; by 1921 there had been no increase in the number of colleges but 236 scholars were reading in Arts and Professional Colleges, including 11 in Medical Colleges and 9 in Training Colleges and in 1926 there were 4 Arts Colleges and 3 Professional Colleges and a total of 357 scholars, including 13 in Medical Colleges and 41 in Training Colleges.

SECONDARY EDUCATION.—In 1916 there were 88 secondary schools for girls and 10,991 girls were reading in secondary schools; in 1921 there were 97 schools and 13,231 scholars and in 1926, 115 schools and 17,140 scholars.

In both periods the increase in the number of scholars occurred mainly in the primary classes and between 1921 and 1926 only 33 per cent. of the total increase was represented by scholars reading at the secondary stage.

PRIMARY EDUCATION.—In 1926 there were 8,793 primary schools for girls and 259,640 girl pupils in primary schools; in 1921 there were 12,069 schools and 329,754 pupils and in 1926, 13,789 schools and 369,243 pupils. Between 1916 and 1921 the number of pupils increased by 27 per cent. and between 1921 and 1926 by 12 per cent.

In both periods, as the result of the large increase in the number of separate schools for girls, the number of girls reading in boys' schools declined though the practice of giving extra remuneration to the teachers in rural boys' schools for the holding of special classes for girls was continued.

Expenditure.—In 1917 the total expenditure on institutions for Indian girls was Rs. 11·14 lakhs, towards which Public funds contributed 62 per cent.; in 1922 the total expenditure was Rs. 17·13 lakhs, towards which Public funds contributed 48·9 per cent. and in 1926 the total expenditure was Rs. 21 00 lakhs, towards which Public funds contributed 47·5 per cent.

United Provinces.—In 1916 there were 1,187 recognised institutions for females with an enrolment of 44,970 female scholars and the total number of female scholars reading in all classes of institutions was 58,902. The corresponding figures for 1921 and 1926 were:—1921,—1,451 schools with 57,724 scholars and a total of 90,959 scholars; 1926,—1,803 schools with 73,701 scholars and a total of 110,913 scholars.

Between 1916 and 1921 the number of institutions increased by 22·5 per cent. and the total number of scholars increased by 54·4 per cent. The corresponding figures for the period 1921 to 1926 were 21·0 and 22·0 per cent.

In 1926 the percentage of female scholars to the total female population was 0 2; in 1921,—0 4 and 1926 —0·5.

In both periods there was a satisfactory increase in enrolment but the great majority of pupils are still only reading in lower primary classes. In 1917, 98 per cent. of the pupils were in lower primary classes, in 1922, 92 per cent. and in 1926, 90 per cent.

Between 1916 and 1921 girls' education was encouraged by an increase in the number of special scholarships, the institution of scholarships for widows, the improvement of the pay of women teachers, the establishment of more training schools for women and by increased grants to aided girls' schools. Between 1921 and 1926 the most important measure adopted for the advancement of girls' education was the granting of special subsidies to District Boards for the opening of primary schools for girls.

COLLEGIATE EDUCATION.—In 1916 there were 4 Arts Colleges for women and a total of 75 scholars, including 5 in the Medical College; in 1921 there were 3 Arts Colleges and a total of 57 scholars including 3 in the Medical College and 2 in Training Colleges for teachers and in 1926 there were 5 Arts Colleges and a total of 124 scholars, including 1 in the Medical College, 1 in the Law College and 4 in Training Colleges.

SECONDARY EDUCATION.—In 1916 there were 95 secondary schools for girls and 9,493 girls were reading in secondary schools; in 1921 there were 144 schools and 14,757 scholars and in 1926 there were 185 schools and 21,052 scholars.

Between 1916 and 1921 the number of scholars increased by 55 per cent. and between 1921 and 1926 by 43 per cent, but these increases were almost entirely confined to the primary classes of secondary schools; the increase in the number of scholars reading at the secondary stage between 1921 and 1926 being, for example, only 10 per cent. of the total increase.

PRIMARY EDUCATION —In 1916 there were 1,064 primary schools for girls and 48,884 girl pupils in primary schools; in 1921 there were 1,269 schools and 75,515 pupils and in 1926 there were 1,576 schools and 89,306 pupils.

In spite of the large increase in the number of girl schools the number of girls reading in boys' schools steadily increased and between 1916 and 1926 the number of girls reading in all classes of recognised boys' schools increased from 13,932 to 37,242 or by 167 per cent. It may be noted with satisfaction that the largest percentage of increase in the number of scholars between 1921 and 1926 occurred in the Muhammadan and depressed class communities.

Expenditure.—In 1917 the total expenditure on institutions for Indian girls was Rs. 5·90 lakhs of which Government funds bore 28·7 per cent., Local Board funds 36·2 per cent., fees 3·4 per cent. and other sources 31·7 per cent.

In 1922 the total expenditure was Rs. 11·50 lakhs of which Government funds met 42·3 per cent., Local Board funds 30·3 per cent, fees 2·5 per cent. and other sources 24·9 per cent. and in 1926 the total expenditure was Rs. 14·80 lakhs of which Government funds met 46·0 per cent., Board funds 23·6 per cent., fees, 3·7 per cent. and other sources 26·7 per cent.

Punjab.—In 1916 there were 1,010 recognised institutions for females with an enrolment of 51,380 female scholars and the total number of female scholars reading in all classes of institutions was 52,278. The corresponding figures for 1921 and 1926 were:—1921,—1,136 institutions with 61,302 scholars and a total of 62,244 scholars; 1926,—1,291 institutions with 74,855 scholars and a total of 77,612 scholars.

Between 1916 and 1921 the number of institutions increased by 12·5 per cent. and the total number of scholars increased by 19·1 per cent. The corresponding figures for the period 1921 to 1926 were 13·6 and 24·7 per cent., respectively.

In 1916 the percentage of female scholars to the total female population was 0·6; in 1921, 0·7 and in 1926,—0·8.

Though there was a satisfactory increase in the total number of scholars, especially in the period 1921 to 1926, the number of girls reading in classes above the primary stage has remained abnormally low and out of a total of 75,260 girls reading in schools for general education in 1926 only 2,381 were reading in middle and high school classes. The corresponding figures for the year 1921 were 59,839 and 1,713.

Between 1916 and 1921 the following measures were adopted to encourage the education of girls:—The women's inspecting agency was strengthened; additional facilities were provided for the training of teachers; the pay of women teachers was improved; a Hindu Widows Home was opened in Lahore, several hostels were attached to girls' schools and Local Boards were encouraged to open denominational schools with special classes for religious instruction. Between 1921 and 1926 the more important steps taken to improve female education included the reorganisation of the Women's inspectorate, the appointment of a Deputy Directress, the opening of an additional college for women and the replacement of normal schools for women by training classes attached to Government High Schools.

COLLEGIATE EDUCATION.—In 1916 there were one Arts College and one Professional College for women and a total of 59 scholars, including 39 in Training Colleges for teachers; by 1921 there had been no increase in the number

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of 133 scholars including 31 in Training Colleges.

Few Indian women are taking advantage of collegiate education in the Punjab, but it is satisfactory to note that, whereas in 1916 only 6 Hindus, one Sikh and no Muhammadans were reading in Arts Colleges,

by 1926,—21 Hindus, 9 Sikhs and 8 Muhammadans were reading in Arts and Professional Colleges.

SECONDARY EDUCATION.—In 1916 there were 71 secondary schools for girls and 10,272 girls were reading in secondary schools; in 1921 there were 99 schools and 13,936 scholars and in 1926, 108 schools and 18,740 scholars. Between 1916 and 1921 the number of scholars increased by 36 per cent. and between 1921 and 1926 by 34 per cent But, as has already been indicated, these increases were mainly confined to the pupils reading in the primary classes of secondary schools.

PRIMARY EDUCATION.—In 1916 there were 922 primary schools for girls and 41,161 girl pupils were reading in primary schools, in 1921 there were 1,017 schools and 47,212 pupils and in 1926, 1,162 schools and 57,825 pupils The number of girls reading in boys' schools in the Punjab is lower than any other province in India and until recent years co-education was almost non-existent. But between 1921 and 1926 the number of girls reading in boys' schools rose from 942 to 2,757 or by 193 per cent

Expenditure—In 1922 the total expenditure on Indian schools for girls was Rs 13·70 lakhs of which Government funds met 41 per cent. and Local Board funds 34 per cent. and in 1926 the total expenditure was Rs. 15·67 lakhs of which Government funds met 48 per cent. and Local Board funds 27 per cent.

Burma.—In 1916 there were 1,000 recognised institutions for females, with an enrolment of 29,698 female scholars and the total number of female scholars reading in all classes of institutions was 113,301. The corresponding figures for 1921 and 1926 were:—1921,—900 institutions with 28,683 scholars and a total of 116,329 scholars, 1926,—907 institutions with 37,863 scholars and a total of 149,867 scholars Between 1916 and 1921 the number of institution decreased by 10 per cent. and the total number of scholars increased by 2·7 per cent. Between 1921 and 1926 the number of institutions increased by 0·8 per cent and the total number of scholars by 28·8 per cent In 1916 the percentage of female scholars to the total female population was 2·0; in 1921,—1·8 and in 1926,—2·3 per cent.

The decrease in the number of schools and scholars between 1916 and 1921 was confined to primary schools only and the reasons for it have already been explained in the chapter on primary education. Burma has a higher percentage of female scholars under instruction than any other province, except Madras, and the highest percentage of female scholars reading in all classes of institutions for boys.

Between 1916 and 1921 the following measures were adopted to encourage the education of girls; the women's inspecting staff was strengthened; increased facilities for the training of women teachers were provided, the curriculum of Anglo-Vernacular girls' schools was revised and special scholarships in Anglo-Vernacular schools were reserved for girls.

Between 1921 and 1926 further important steps were taken to improve girls' education, including the re-organization of the Women's Educational Service, an increase in the number of women inspecting officers and in the number of training schools for women and the establishment of a special cadre of women teachers in Government Anglo-Vernacular boys' schools.

COLLEGIATE EDUCATIONS.—There is no college for women in Burma, but in 1916 there were 12 women reading in Arts Colleges. In 1921 there were 48 women reading in Arts Colleges and in 1926, 129 women were reading in Arts and Professional Colleges, including 3 in Medical Colleges, 3 in Training Colleges for teachers and 2 in the Law College.

SECONDARY EDUCATION.—In 1916 there were 139 secondary schools for girls and 33,034 girls were reading in secondary schools; in 1921 there were 153 schools and 40,106 scholars and in 1926, 199 schools and 61,842 scholars. In Burma unlike other provinces, the number of girls reading in high and middle-school classes has increased more rapidly than the number of girls reading in primary classes and in 1926, 41 per cent. of the total number of girls under instruction were reading in secondary schools as against an average of 10 per cent. for the whole of India.

PRIMARY EDUCATION.—In 1916 there were 855 primary schools for girls and 79,747 girl pupils were reading in primary schools; in 1921 there were 738 schools and 75,461 pupils and in 1926, 677 schools and 86,435 pupils. Separate figures for the number of girls reading in primary schools for girls have not been given since, while large numbers of girls are reading in boys' schools, nearly 40 per cent. of the attendance at girls' schools consists of boys. The majority of primary schools in Burma are classified according to the sex which is in the majority and a separate consideration of the figures for girls' schools does not therefore reveal the real condition of primary education amongst girls. Between 1921 and 1926, in particular, the number of girls reading in all classes of boys' schools largely increased until in 1926, 75 per cent. of the total number of girls under instruction were reading in institutions classified as institutions for males.

Owing to the high percentage of girls reading in boys' schools no figures are given for the total expenditure on the education of girls.

Bihar and Orissa.—In 1916 there were 2,790 recognised institutions for females with an enrolment of 61,956 female scholars and the total number of female scholars reading in all classes of institutions was 111,674. The corresponding figures for 1921 and 1926 were:—1921,—2,695 institutions with 61,755 scholars and a total of 110,776 scholars; 1926,—3,022 institutions with 72,246 scholars and a total of 116,073 scholars. Between 1916 and 1921 the number of institutions decreased by 3·4 per cent. and the total number of scholars by 3·4 per cent. Between 1921 and 1926 the number of institutions increased by 12·1 per cent. and the total number of scholars by 4·8 per cent. In 1916 the percentage of female scholars to the total female population

was 0·6; in 1921, 0·6 and in 1926, 0·7 per cent. The fall in the number of scholars between 1916 and 1921 was practically confined to girls in boys' schools and was due to the non-co-operation movement and to the prevailing economic distress.

Between 1916 and 1921 the following steps were taken to improve girls' education :—Special scholarships were reserved for girls in middle and primary schools; a sche [illegible] of village school-masters as [illegible] schools was appointed and [illegible] admitting girl pupils.

. Between 1921 and 1926 the further steps that were taken to improve the education of girls included the appointment of a Deputy Directress of Public Instruction, an increase in the number of women inspecting officers, the provision of conveyances for girls in secondary schools, the opening of additional training classes for women teachers and an increase in the number of scholarships tenable by girls

COLLEGIATE EDUCATION.—In 1916 there were no Arts or Professional Colleges for women and no woman was attending college In 1922 there was one Arts College for women and 6 women were reading in Arts College and in 1926 there was one Arts College and 9 women scholars. Of the 9 scholars reading in 1926 only 4 were Hindus, the remaining scholars being Indian Christians.

SECONDARY EDUCATION.—In 1916 there were 21 secondary schools for girls and 2,233 girls were reading in secondary schools; in 1921 there were 27 schools and 3,119 scholars and in 1926, 29 schools and 3,958 scholars. The increases in the number of scholars occurred mainly in the lower classes and between 1921 and 1926 the number of scholars reading at the High School Stage increased by only 44, from 100 to 144.

PRIMARY EDUCATION.—In 1916 there were 2,169 primary schools for girls and 95,396 girl pupils were reading in primary schools; in 1921 there were 2,649 schools and 107,026 pupils and in 1926, 2,967 schools and 111,239 pupils. Between 1916 and 1921 the number of scholars increased by 12·1 per cent, and between 1921 and 1926 by 3·9 per cent. The rise in the number of schools and scholars between 1916 and 1921 does not really represent an actual expansion, since, owing to a reclassification, the figures for 1921 include the figures for schools shown as "special" in 1916. Taking primary and special schools together, there was actually a decrease in the number of scholars between 1916 and 1921. In both periods there was a fall in the number of girls reading in boys' schools; the number falling from 49,718 in 1916 to 43,827 in 1926.

Expenditure.—In 1917 the total expenditure on the education of Indian girls was Rs 4·31 lakhs of which Government funds met 35·2 per cent. and Local Board funds 42·9 per cent.; in 1922 the total expenditure was Rs. 5·84 lakhs of which Government funds met 31·2 per cent. and Local Board funds 46·9 per cent. and in 1926 the total expen-

diture was Rs. 7·27 lakhs of which Government funds met 24·3 per cent. and Local Board funds 47·7 per cent.

Central Provinces and Berar.—In 1916 there were 369 recognised institutions for females with an enrolment of 20,242 female scholars and the total number of female scholars reading in all classes of institutions was 35,394. The corresponding figures for 1921 and 1926 were :—

1921,—387 institutions with 22,772 scholars and a total of 39,874 scholars.

1926,—393 institutions with 25,363 scholars and a total of 38,689 scholars.

Between 1916 and 1921 the number of institutions increased by 4·0 per cent. and the total number of scholars by 12·7 per cent. Between 1921 and 1926 the number of institutions increased by 1·6 per cent., but the total number of scholars fell by 3·0 per cent.

In 1916 the percentage of female scholars to the total female population was 0·5 ; in 1921,—0·6 and in 1926,—0·5 per cent. The fall in the number of scholars between 1921 and 1926 was confined to girls in boys' primary schools—a large decrease in the number of such pupils having occurred between 1921 and 1923.

Between 1916 and 1921 the special steps taken to improve girls' education included an increase in the number of scholarships, especially for high and middle schools, the revision of the pay of women teachers, the opening of 12 new Government middle schools for girls and an increase in the rate of stipends of teachers under training. No fees were levied from girls reading in Vernacular boys' schools and in Government Vernacular girls' schools. Between 1921 and 1926 revised curricula were introduced for all classes of schools, college scholarships were instituted, the number of stipends for teachers under training were increased and rewards were paid to Headmasters for the admission of girls in boys' schools.

Collegiate Education.—There is no college for women in the Central Provinces and in 1916 no woman was attending college. In 1921, 3 women were reading in Arts Colleges and 3 in Training Colleges for teachers and in 1926, 13 women were reading in Arts Colleges.

Secondary Education.—In 1916 there were 41 secondary schools for girls and 2,746 girls were reading in secondary schools ; in 1921 there were 58 schools and 5,329 scholars and in 1926, 58 schools and 6,266 scholars. The increase in the number of scholars in both periods mainly occurred in the lower classes and between 1921 and 1926 the number of girls reading at the High School Stage only increased from 103 to 181. Of the 181 pupils reading in 1926, 131 were Anglo-Indians and Indian Christians and 18 were high caste Hindus.

Primary Education.—In 1916 there were 323 primary schools for girls and 32,501 girl pupils were reading in primary schools ; in 1921

there were 321 schools and 33,955 pupils and in 1926, 327 schools and 31,794 pupils. Between 1916 and 1921 the number of girls reading in boys' schools increased, but between 1921 and 1926 there was a large fall in the number of girls in boys' schools. Co-education cannot, however, be regarded as having been unsuccessful since even in 1926, 34·4 per cent. of the total number of girls under instruction were reading in boys' schools.

Expenditure.—In 1917 the total expenditure on Indian girls' schools was Rs. 2·27 lakhs, of which Government funds met 67 per cent.; in 1922 the total expenditure was Rs. 4·60 lakhs of which Government funds met 60 per cent. and in 1926 the total Expenditure was Rs. 4·97 lakhs.

Assam.—In 1916 there were 359 recognised institutions for females with an enrolment of 12,938 female scholars and the total number of female scholars reading in all classes of institutions was 27,321. The corresponding figures for 1921 and 1926 were :—

1921,—397 institutions with 14,068 scholars and a total of 28,009 scholars,

1926,—437 institutions with 16,475 scholars and a total of 33,184 scholars.

Between 1916 and 1921 the number of institutions increased by 10·6 per cent. and the total number of scholars by 2·5 per cent The corresponding figures for the period 1921 to 1926 were 10·1 and 18·5 per cent. In 1916 the percentage of female scholars to the total female population was 0 8; in 1921,—0·8 and in 1926,—0 9 per cent.

Between 1916 and 1921 the following measures were adopted to [illegible] —Scholarships were reserved for female [illegible], for the first two years of the period, [illegible] boys' schools; special scholarships were [illegible] ols at Calcutta and a number of secondary schools for girls were opened. Between 1921 and 1926, except for the opening of an additional high school for girls, no further steps of importance were taken to develop women's education.

Collegiate Education.—There are no colleges for women in Assam and during the period 1916 to 1926 only one woman read in an Arts College.

Secondary Education.—In 1916 there were 23 secondary schools for girls and 2,551 girls were reading in secondary schools; in 1921 there were 37 schools and 3,656 scholars and in 1926, 37 schools and 4,452 scholars. The increases in the number of scholars were almost entirely confined to the lower classes and between 1921 and 1926 the number of girls reading at the High School Stage increased by only 4. Out of a total of 40 scholars in the highest form in 1926, 20 were Indian Christians.

Primary Education.—In 1916 there were 333 primary schools for girls and 24,730 girl pupils were reading in primary schools; in 1921

there were 358 schools and 24,288 pupils and in 1926, 397 schools and 28,664 pupils.

In both periods a large number of girls were reading in boys' schools and in the Hills co-education was general. Between 1916 and 1921 the number of girls reading in boys' schools decreased, but between 1921 and 1926 it increased and in 1926, 50 per cent. of the total number of female scholars were reading in boys' schools.

Expenditure.—In 1917 the total expenditure on Indian girls' schools was Rs. 1·04 lakhs of which Government funds met 29·1 per cent. and Local Board funds 56·3 per cent.; in 1921 the total expenditure was Rs. 1·52 lakhs of which Government funds met 54·2 per cent. and Local Board funds 22·8 per cent. and in 1926 the total expenditure was Rs. 2·11 lakhs.

Chapter X.—The Education of Muhammadans.

The Muhammadan population of British India is approximately fifty-nine and a half millions or 24 per cent. of the total population.

Though Muhammadans are generally regarded as educationally backward the percentage of Muhammadan pupils in school to the total Muhammadan population has seldom fallen much below the percentage for all classes of pupils in India. In Madras, the United Provinces, Burma, Bihar and Orissa and in the Central Provinces the percentage of pupils under instruction, both for boys and for girls, is higher than the percentage for all communities and in the Punjab Muhammadan boys are on a level with the male scholars of all communities. In the remaining three provinces the Muhammadan community has not reached the general level of educational advancement of all communities. The backwardness of the Muhammadan community mainly consists, therefore, in its disinclination to make use of the facilities offered for higher education.

In 1916 the total number of Muhammadan pupils in all classes of recognised institutions was 1,533,973, in 1921 it was 1,803,381 and in 1926,—2,396,038. The percentage of pupils in school to the total Muhammadan population was 2·6 in 1916, 3·03 in 1921 and 4·03 in 1926. These percentages may be compared with the percentages for the pupils of all communities, including Muhammadans, which were:—1916,—2·9, 1921,—3·1 and 1926,—4·0. Between 1916 and 1921 the total number of scholars increased by 17·5 per cent. and between 1921 and 1926 it increased by 32·8 per cent. The figures show that considerable progress has been made, especially in the period 1921 to 1926. But even by 1926 only 10·7 per cent. of the scholars were reading in classes above the five lowest primary standards. Accurate separate figures are not available for Muhammadan women for all the years under considera- [illegible] scholars to the total Muham- [illegible] 1·1, the figure for all classes [illegible]

Progress in higher education was slow between 1916 and 1921 but improved rapidly in the period 1921 to 1926.

In 1916 the total number of Muhammadans attending Arts and Professional Colleges was 5,992, including 14 women; in 1921 the number was 6,865, including 13 women, and in 1926 it was 10,650, including 32 women. Between 1921 and 1926 the number of women reading in Arts Colleges rose from 7 to 26 and in 1926 there were 6 Muhammadan women in Medical Colleges. In 1916 the total number of Muhammadans attending secondary schools was 203,216 including 3,705 girls, and in 1921 it was 215,602 including 6,093 girls. Separate figures are not available for the year 1926 for the number of Muhammadans reading in secondary schools, but between 1921 and 1926 the number of pupils reading in both primary and secondary schools together increased by 19 8 per cent. and the figures for the provinces show that good progress was generally recorded in secondary schools

The special steps taken during the periods under review to encourage Muhammadan education, particularly higher education, are described below for each province, but the general lines of policy advocated by the Government of India and adopted in most provinces are indicated here. The special difficulties which have had to be faced in the development of Muhammadan education have been the importance attached to religious instruction by the Muhammadan community, even at the expense of secular education, the poverty of the Muhammadan community generally, which is largely agricultural in character, and the desire on the part of Muhammadan parents to have their children taught through the medium of Urdu even in areas where Urdu is not a local vernacular. To overcome these difficulties the following measures have been adopted, with increasing success each year, in both periods under review. The opening of separate educational institutions of all grades, for Muhammadans, has been encouraged, special Muhammadan inspecting officers have been appointed to supervise Muhammadan schools and the instruction given in Persian, Arabic and Urdu at other schools, separate training schools for Muhammadans have been opened in order to increase the output of Muhammadan teachers; special Urdu classes have been started in schools situated in localities in which Urdu is not a local vernacular; fee concessions and reserved scholarships have been granted to Muhammadan boys and girls, religious instructors have been appointed in the ordinary secular schools [illegible] led to a large number [illegible] la schools and Koran [illegible] to the needs of the ordinary primary school course.

In addition to the Muhammadan pupils reading in recognised schools large numbers of Muhammadans are reading in unrecognised schools in which little or no secular instruction is provided, but the number of pupils in unrecognised schools has steadily decreased during the periods under review. In 1916 there were 233,810 pupils in unrecognised schools; in 1921,—200,575 and in 1926,—184,398

The following paragraphs give the details for the provinces :—

Madras.—The Muhammadan population of Madras is approximately two million eight hundred thousand or 7 per cent. of the total population of the province. The Muhammadan community in Madras is only backward in so far as higher education is concerned. The percentage of Muhammadan scholars reading in all classes of recognised institutions to the total Muhamadan population has been consistently higher than the percentage for the scholars of all communities and this inspite of the fact that a large number of Muhammadan pupils are reading in unrecognised schools. This statement holds good even for Muhammadan girls, whose percentage of those under instruction to the total female population has continued higher than the corresponding percentage for all classes of girls.

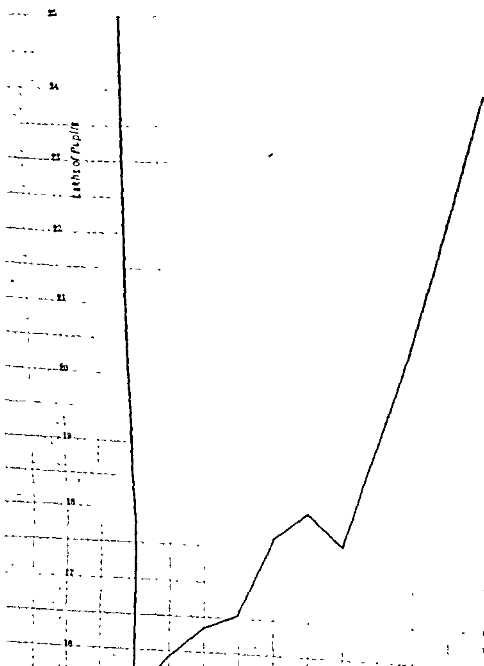
In 1916 the percentage of Muhammadan pupils to the total Muhammadan population was 4·9 ; in 1921 it was 3·5 and by 1926 it has risen to 7·9. The corresponding figures for pupils of all communities were :—1916,—3·6, 1921,—4·1 and 1926,—5·3. The percentages for Muhammadan male scholars only were 8·1, 8·9 and 12·4 as against the percentage for all communities of 5·9, 6·5 and 8·4. The percentages for Muhammadan female scholars only were :—1·8, 2 3 and 3·1 as against the percentages for all communities of 1·4, 1·7 and 2·3. Between 1916 and 1921 the total number of Muhammadan pupils reading in all classes of recognised institutions rose from 135,625 to 158,714 or by 17 0 per cent. and between 1921 and 1926 the number rose from 158,714 to 225,306 or by 41 9 per cent. These figures record satisfactory progress as far as the general literacy of the community is concerned, but in both periods over 90 per cent. of the pupils were confined to elementary schools. In 1916,—92·8 of the male scholars and 99·7 of the female scholars were in elementary schools ; in 1921 the figures were 92 6 and 99·2 and in 1926,—91·0 and 99·1 per cent.

Though the number of Muhammadans reading in colleges and secondary schools is still very small considerable progress has been made, especially between 1921 and 1926.

In 1916 there were 186 Muhammadans in Arts Colleges and 20 in Professional Colleges ; in 1921,—138 in Arts Colleges and 34 in Professional Colleges and in 1926,—297 (including 1 women) in Arts Colleges and 55 in Professional Colleges. The figures for secondary schools were :—1916,—6,962 boys and 17 girls, 1921,—8,036 boys and 203 girls and 1926,—9,032 boys and 330 girls.

Between 1916 and 1921 the following measures were adopted to encourage Muhammadan education :—poor Muhammadan pupils were admitted at half rates of fees into all classes of institutions ; a large number of special scholarships were sanctioned ; additional training schools for Muhammadan men and women were opened ; two colleges for men, three secondary schools, including one for girls, and two middle schools for Mappillas were established ; Urdu classes were attached to a number of Local Board secondary schools, many unrecognised Maktabs

Graph showing the progress in the number of Mohammadan pupils in all Recognised Institutions in British India.



were converted into recognised primary schools with secular classes attached and the Muhammadan inspecting staff was strengthened.

Between 1921 and 1926 the number of secondary schools especially intended for Muhammadans was increased, a high school was opened for Mappillas, a special Assistant Inspector was appointed for Mappilla education and the number of special scholarships for Muhammadans was increased.

In both periods Muhammadan education was encouraged by the opening of separate institutions especially intended for Muhammadans. In 1916 there were 1,587 special institutions, with 96,147 scholars; in 1921,—1,991 schools with 114,014 scholars and in 1926,—2,986 schools with 173,157 scholars.

The above figures included 1 Arts College and 5 secondary schools for boys in 1916 and 3 Arts Colleges, 15 secondary schools for boys and 1 secondary school for girls in 1926.

Expenditure.—In 1916 the total expenditure on special schools for Muhammadans was Rs 7·40 lakhs; in 1921 it was Rs 11·48 lakhs and in 1926,—Rs. 17·60 lakhs In 1916 Public funds met 73 per cent. of the total, fees 10 per cent. and other sources 17 per cent. The corresponding figures for the years 1921 and 1926 were.—

1921.—Public funds 77 per cent, fees 6 per cent. and other sources 17 per cent.

1926.—Public funds 74 per cent., fees 3 per cent. and other sources 23 per cent.

The rise in the percentage of the contribution from other sources between 1921 and 1926 is an indication of the help that has recently been forthcoming from the Muhammadan community itself.

Bombay.—The Muhammadan population of Bombay is approximately four millions or 19 per cent of the total population of the province. In 1916 there were 125,768 Muhammadan pupils in all classes of institutions, in 1921 there were 170,869 and in 1926,—173,543. Between 1916 and 1921 the number of scholars increased by 35·8 per cent and between 1921 and 1926 by 1·5 per cent.

In 1916 the percentage of Muhammadan scholars to the total Muhammadan population was 3·1; in 1921 it was 4·5 and in 1926 it was 4·5. The corresponding figures for the pupils of all classes of the community were —1916,—3 8, 1921,—4·7 and 1926,—5 4.

In 1926 the percentage of male scholars to the total Muhammadan male population was 7·2 as against 8 3 for the whole province and the percentage of female scholars was 1·4 as against 2·1 for all classes of women.

Though considerable progress has been made, especially in the period 1916 to 1921, the Muhammadan community, still remains backward in comparison to other communities and by 1926 only 10 per cent. of the

total number of scholars reading in schools for general education had advanced beyond the primary stage. The low rate of increase in the number of scholars between 1921 and 1926 was almost entirely due to the influence of the Khilafat and non-co-operation movements which were mainly responsible for a loss of nearly 13,000 pupils in public institutions between 1921 and 1922 alone. The fall in the total number of pupils was however entirely confined to Sind in which area the Muhammadan population predominates. In 1916 there were 214 Muhammadan scholars, including one woman, reading in Arts and Professional Colleges and 4,830 scholars, including 107 girls, reading in secondary schools; in 1921 there were 298 scholars reading in Arts and Professional Colleges and 5,924 scholars, including 157 girls, in secondary schools; and in 1926 there were 467 scholars in Colleges and 7,544 scholars, including 218 girls, in secondary schools.

Between 1916 and 1921 the following measures were adopted to advance Muhammadan education:—

A large number of fee remissions and scholarships were granted in all classes of institutions; a special Muhammadan inspecting staff was appointed for each division of the Presidency and for Sind, increased grants were given for the opening of special Muhammadan institutions and for Mulla schools and an Urdu Translation Board was appointed to prepare text-books for primary schools. Between 1921 and 1926 the further steps taken to improve Muhammadan education included the opening of central training schools in order to increase the supply of Muhammadan teachers, the opening of a number of Koran classes attached to the ordinary Local Board primary schools and the sanctioning of additional scholarships for Muhammadan boys and girls, especially in Sind.

In 1922 there were 2,149 special schools and classes for Muhammadans, including 3 training schools and 12 secondary schools and in 1926 there were 2,027 special schools, including 5 training schools and 14 secondary schools. In 1922 there were 1,010 recognised Mulla schools and in 1926,—806 Mulla schools.

Expenditure.—In 1922 the total direct expenditure on Muhammadan education was approximately Rs. 38 lakhs of which Rs. 22 lakhs was met from provincial funds and in 1926 the total expenditure was approximately Rs. 51 lakhs of which Rs. 27·5 lakhs was met from provincial funds.

Bengal.—The total Muhammadan population of Bengal is approximately twenty-five and a quarter millions or 54 per cent. of the total population of the province.

In 1916 there were 776,185 Muhammadan pupils reading in all classes of institutions; in 1921, 889,601 pupils and in 1926,—962,813. In 1916 the percentage of Muhammadan pupils to the total Muhammadan population was 3·2 in 1921,—3·5 and in 1926,—3·8. The corresponding figures for all classes of scholars were 3·9, 4·1 and 4·6.

It will thus be seen that, in spite of the special efforts that have been made, the Muhammadan Community has remained throughout the periods under review considerably more backward than other communities. The education of Muhammadan women in Bengal is also behind the level of the education of all classes of women, but not to the same extent as is the case with men. In 1916 the percentage of Muhammadan women to the total female Muhammadan population was 1·03 and in 1926 it was 1·4. The corresponding figures for the women of all communities were:—1916,—1·3 and 1926,—1·6

In 1916 there were 1,789 Muhammadan scholars, including one woman, in Arts and Professional Colleges and 99,890 scholars, including 300 girls in secondary schools

In 1921 there were 2,674 Muhammadan scholars, including 3 women, in Arts and Professional Colleges and 77,103 scholars, including 521 girls in secondary schools.

In 1926 there were 3,442 Muhammadan scholars, including 3 women, in Arts and Professional Colleges and 31,775 scholars, including 139 girls at the secondary stage.

Between 1916 and 1921 the special measures adopted to encourage Muhammadan education included the appointment of a special inspecting staff, the opening of separate schools and hostels, the sanctioning of additional grants for Madrassas, the establishment of Islamic Matriculation and Intermediate examinations and the reservation, for the first time, of a number of scholarships for Muhammadan girls.

Between 1921 and 1926 the further steps taken to improve Muhammadan education included the reservation of certain places for Muhammadans in Government and aided schools, a large increase in the number of fee-remissions and scholarships, especially for collegiate and technical education, and the opening of the Islamia College for Muhammadans at Calcutta.

By the year 1926 there were 467 Madrassas and 17,544 recognised Maktabs in Bengal

The total cost of the Madrassas in 1926 was Rs. 8·84 lakhs, of which provincial funds met Rs 3 97 lakhs and the total cost of the Maktabs was Rs 14·44 lakhs of which provincial funds met Rs 4 59 lakhs.

United Provinces.—The Muhammadan population of the United Provinces is approximately six and a half millions or 14 per cent. of the total population of the province.

In 1916 there were 110,600 Muhammadan pupils reading in all classes of recognised schools, in 1921 there were 160,576 pupils and in 1926, —201,480 pupils.

Between 1916 and 1921 the number of pupils increased by 45·2 per cent. and between 1921 and 1926 by 25·5 per cent.

In 1916 the percentage of Muhammadan pupils to the total Muhammadan population was 1·7 ; in 1921 it was 2 6 and in 1926,—3·1. The

corresponding figures for the pupils of all classes of the community were :—1916,—1·6, 1921,—2·2 and 1926,—2·5. In both periods, therefore, the percentages for the Muhammadan community were more favourable than the percentages for all communities together and even the figures for Muhammadan girls alone did not fall below the figures for all classes of female pupils. Even at the collegiate and secondary stages the proportion of Muhammadans has been well maintained and Muhammadan education in the United Provinces cannot therefore be regarded as backward.

In 1916 there were 1,790 Muhammadan scholars including 4 women, reading in Arts and Professional Colleges; in 1921 there were 1,285 scholars, including 6 women, and in 1926 there were 2,727 scholars including 10 women.

Although the majority of the Muhammadans under instruction attend the ordinary mixed schools it was found necessary in both periods under review, owing to communal and religious sentiment, to encourage separate institutions, particularly primary schools, for Muhammadans.

In the year 1916 special measures were sanctioned by the Government for the extension of Muhammadan education which included the appointment of a provincial Muhammadan Inspector of Schools and of Muhammadan Deputy-Inspectors in each district, sanction for the opening of separate Islamia schools by District Boards in any area providing a minimum attendance of 20 pupils, the adaptation of the curriculum in Maktabs to the needs of the secular primary course, the establishment of a Provincial Maktab Committee and of District Maktab Committees to advise the Director of Public Instruction on all matters concerning Muhammadan education and the appointment of a Maktab Text-book Committee to select and prepare readers for use in Maktabs. During the years [illegible] were opened in [illegible] College at Aliga[illegible]

Between 1921 and 1926 the number of Islamia schools and aided Maktabs was largely increased and grants were given to three District Boards to employ special supervisors of Maktabs.

In 1917 there were 92 Islamia schools with 3,095 pupils and 291 aided Maktabs with 8,898 pupils; in 1922 there were 745 Islamia schools with 21,595 pupils and 762 Maktabs with 22,968 pupils and in 1926 there were 707 Islamia schools with 25,118 pupils and 1,118 Maktabs with 10,882 pupils.

Expenditure.—The total expenditure on Muhammadan special schools, Islamia schools and Maktabs, rose from Rs. 0·25 lakhs in 1917 to Rs. 2·62 lakhs in 1922 and to Rs. 4·31 lakhs in 1926.

Punjab.—The Muhammadan population in the Punjab is approximately eleven and a half millions or 55 per cent. of the total population of the Province. In 1916 the percentage of Muhammadan pupils in all classes of institutions to the total population was 1·4; in 1921 it was

1·7 and in 1926 it was 4·04. The figures for all communities for the same years were 2·0, 2·4 and 4·8. The percentages for Muhammadan male scholars only were 1916,—2·3, 1921,—2·9 and 1926,—7·1; the figures for males of all communities being 3·3, 3·9 and 7·9.

The percentages for Muhammadan female scholars only were—1916,—0·27, 1921,—0·29 and 1926,—0·38; the figures for all communities being 0·60, 0·70 and 0·80.

It will thus be seen that though the education of Muhammadan women is, for special reasons, still very backward, a very great advance has been made, particularly in the period 1921 to 1926, in the education of the Muhammadan community generally. In particular the community has succeeded in recent years in bringing itself, as far as males are concerned, almost up to the educational level of other communities in the Punjab. In 1916 there were 155,534 scholars in all classes of institutions, in 1921,—195,691 scholars and by 1926 the number had increased to 462,556. Between 1916 and 1921 there was an increase of 25·4 per cent. and between 1921 and 1926 an increase of 136·3 per cent. The greatest increase in enrolment has naturally taken place in primary schools, consequent on the general extension of education in rural areas in which the Muhammadans predominate, but higher education has also shown satisfactory progress.

In 1916 there were 1,107 Muhammadans in Arts and Professional Colleges; in 1921,—1,411, including 1 lady student, and in 1926,—2,291 including 8 lady students. In 1916 there were 36,575 male scholars and 1,191 female scholars in secondary schools and in 1921 there were 68,395 male scholars and 1,921 female scholars. Separate figures for scholars in secondary schools are not available for 1926, but between 1921 and 1926 the number of male pupils reading in primary and secondary schools together rose from 176,873 to 396,547 and the number of female scholars rose from 13,632 to 19,720.

In both the periods under review the improvement in Muhammadan education was mainly due to the causes which have advanced education generally in the province, especially the development of rural education, but the opening of Government secondary schools in backward areas, the granting of scholarships and fee concessions and the encouragement of Islamia schools and Maktabs especially assisted the growth of education amongst Muhammadans.

Burma.—The number of Muhammadans in Burma is approximately half a million or 4 per cent. of the total population of the province. In 1916 there were 14,827 Muhammadan scholars in all classes of institutions, in 1921 there were 16,213 scholars and in 1926,—20,792 scholars. Between 1916 and 1921 the number of scholars increased by 9·3 per cent. and between 1921 and 1926 the number increased by 28·2 per cent.

In 1916 the percentage of Muhammadan pupils reading in school to the total Muhammadan population was 3·5; in 1921 it was 3·2 and in 1926,—4·1. The corresponding figures for the scholars of all communities were:—1916,—3·1, 1921,—2·7 and 1926,—3·0. These figures

show that the Muhammadans are not educationally backward compared with other communities in Burma and even the proportion of Muhammadan girls in school compares favourably with the percentage of female scholars from all communities. In 1916 there were 39 Muhammadan scholars reading in Arts and Professional Colleges and 5,022 scholars, including 693 girls, reading in secondary schools; in 1921 there were 19 scholars in colleges and 6,640 scholars, including 1,272 girls, in secondary schools and in 1926 there were 74 scholars in colleges and 2,013 including 104 girls, reading at the secondary stage.

The main difficulty in the way of progress has, in both periods, been the language difficulty. The majority of the children attending Muhammadan schools in Burma are either Zerbadis, whose mother tongue is Burmese, or Muslims, whose home language is Bengali or Arakanese. But Muhammadan sentiment has insisted upon instruction in Urdu and Arabic with the result that a young Muhammadan student may be faced with the study, at an early age, of three or even four languages. Mainly owing to this difficulty the Muhammadan community is not as educationally forward as it might otherwise be and the language controversy has [illegible] loption of any settled policy in regard t[illegible] ion

In both periods under review the education of Muhammadans was encouraged by the appointment of special Deputy Inspectors for Muhammadan schools, the opening of separate Anglo-Vernacular and Vernacular Muhammadan schools and by the maintenance of special training classes for Muhammadan teachers.

In 1917 there were 5 Anglo-Vernacular Muhammadan Schools and 189 Vernacular Muhammadan Schools; in 1922 there were 6 Anglo-Vernacular and 151 Vernacular Schools and in 1926 there were 7 Anglo-Vernacular and 178 Vernacular Schools.

Bihar and Orissa.—The number of Muhammadans in Bihar and Orissa is approximately three and three-quarter millions or eleven per cent. of the total population of the province.

The Muhammadan community is not backward in general education compared to other communities as is evidenced by the following figures, though in the field of higher education the community has progressed very little.

In 1916 there were 98,792 Muhammadans reading in all classes of institutions; in 1921 there were 91,319 scholars and in 1926, 131,618. In 1916 the percentage of Muhammadan pupils to the total population was 2·6; in 1921, 2·5 and in 1926,—3·5. The corresponding figures for pupils of all communities were:—1916,—2·3, 1921,—2·3 and 1926,—3·0. Even the percentage for Muhammadan women at school has been higher than the corresponding percentage for all classes of women. In 1916 the percentage for Muhammadan women was 1·01 and in 1921 it was 1·07; the figures for all classes of women for the same years being 0·6 and 0·6. The fall in the total number of Muhammadan pupils bet-

-ween 1916 and 1921 is accounted for by the Khilafat and non-co-operation movements, by the closure of a number of recognised Madrassas, or special Muhammadan primary schools, and by a rise in the strength of unrecognised schools. In 1916 there were 551 Muhammadan scholars reading in Arts and Professional Colleges and 8,539 scholars, including 99 women, in secondary sc[illegible]
in Arts and Professional C[illegible]
reading in secondary sch[illegible]
reading in Arts and Professional Colleges Accurate figures for secondary schools in 1926 are not available.

Between 1916 and 1921 the following measures were adopted to advance Muhammadan education :—

Special inspecting officers and a Superintendent of Islamic studies were appointed; three additional training schools were opened for Muhammadan teachers and a large number of additional scholarships were sanctioned for Muhammadans. Between 1921 and 1926 the number of recognised Madrassas and Maktabs was increased, a new syllabus was adopted for all recognised Madrassas and a Madrassa Examination Board was constituted; increased grants were given to recognised Maktabs and the Muhammadan inspecting staff was enlarged. In 1917 there were 16 recognised Madrassas and 2,403 recognised Maktabs The figures for 1922 and 1926 were :—1922,—10 Madrassas and 2,251 Maktabs ; 1926,—37 Madrassas and 3,477 Maktabs.

The total direct expenditure on Madrassas and Maktabs was Rs 2·85 lakhs in 1917 ; Rs. 3·40 lakhs in 1922 and Rs. 5·88 lakhs in 1926.

Central Provinces and Berar.—The Muhammadan population of the Central Provinces is approximately half a million or 4 per cent of the total population of the province

In 1916 there were 30,645 Muhammadan scholars in all classes of institutions, in 1921 there were 30,525 scholars and in 1926,—34,452

In 1926 the percentage of Muhammadan scholars to the total Muhammadan population was 5 1, in 1921 it was 5 4 and in 1926 it was 6·2. The corresponding figures for the scholars from all classes of the community were :—1916,—2·1, 1921,—2·5 and 1926,—2·6

In spite of the fact that by 1926 only 12 per cent. of the Muhammadan pupils in school were reading above the primary stage the proportion of Muhammadan pupils at school in all grades compared favourably with the proportion for all other communities The Muhammadan community in the Central Provinces cannot therefore be considered to be educationally backward

In 1916 there were 69 Muhammadan scholars reading in Arts and Professional Colleges and 5,346 scholars, including 191 girls, reading in secondary schools, in 1921 there were 64 scholars in colleges and 6,790 scholars, including 166 girls, in secondary schools; and in 1926 there were 133 scholars in Colleges and 3,928 scholars, including 10 girls, reading at the secondary stage.

In both periods under review the education of Muhammadans was encouraged by the opening of separate Muhammadan schools and hostels, the encouragement of Urdu schools, the appointment of special Muhammadan Deputy Inspectors and by the reservation of special scholarships for Muhammadans.

In 1917 there were 217 separate institutions for Muhammadans maintained at a total cost of Rs. 1·86 lakhs and in 1921 there were 233 institutions costing Rs. 3·27 lakhs. No figures are available for the year 1926.

Assam.—The Muhammadan population of Assam is approximately two million two hundred thousand or 29 per cent. of the total population of the province. In 1916 there were 52,689 Muhammadan pupils reading in all classes of recognised institutions; in 1921 there were 48,868 pupils and in 1926,—60,261 pupils.

Between 1916 and 1921 the number of Muhammadan pupils decreased by 7·2 per cent. and between 1921 and 1926 the number increased by 19·7 per cent.

In 1916 the percentage of Muhammadan pupils reading in schools to the total Muhammadan population was 2·8, in 1921 it was 2·2 and in 1926 it was 2·6. The corresponding figures for the pupils of all classes of the community were :—1916,—3·4, 1921,—2·9 and 1926,—3·4.

In all grades of education the Muhammadan community has kept behind other communities and in 1926 the percentage of Muhammadan women under instruction was only 0·3 as against 0 9 for all other classes of women.

In 1916 there [illegible]
Colleges and 6,37[illegible]
dary schools ; in [illegible]
Professional Colleges and 5,451 Muhammadans, including 195 girls, reading in secondary schools, and in 1926 there were 213 scholars reading in Arts and Professional Colleges and 965 scholars, including 3 girls, at the High School Stage.

The fall in the number of scholars between 1916 and 1921 was due to the post-war economic distress, which affected the Muhammadan community more than other communities owing to the relative poverty of the Muhammadans, and to the Khilafat and non-co-operation movements.

Between 1916 and 1921 the special measures taken to improve Muhammadan education included the sanction of a number of special scholarships and fee remissions for Muhammadans, an increase in the number of Muhammadan hostels, the conversion of a number of Maktabs and Madrassas into ordinary primary schools, with Islamic classes attached, and the provision of facilities for religious instruction in the ordinary vernacular schools.

Between 1921 and 1926 no special change in policy was introduced and the measures adopted in the previous years were continued.

In 1917 there were 212 primary schools with Islamic classes attached; in 1921 there were 223 such schools and by 1926 the number had risen to 325.

CHAPTER XI.—THE EDUCATION OF THE DEPRESSED CLASSES.

In this chapter an attempt has been made to estimate the progress that has taken place in the education of those members of the Hindu community who are regarded as outcastes or "untouchables" and who have, in consequence, suffered from serious social disabilities in the matter of education and general advancement It is extremely difficult to obtain accurate figures, for all India and for the provinces, giving the total depressed class population and the total number of depressed class pupils attending recognised schools. The provinces vary in their manner of classification and in some cases it is almost impossible to distinguish between the actual depressed classes and other backward classes, such as Aborigines, Hill Tribes and Criminal Tribes, which may or may not include a number of "untouchables". Moreover there are in India a number of communities and castes, including high castes, which, owing to poverty or religious sentiment, have remained educationally backward and which must not be confused with those communities the members of which are depressed socially whether they are in affluent circumstances or not; though naturally the great majority of the members of the depressed classes suffer from the handicap of poverty as well as from caste prejudice.

The facts and figures, therefore, set forth in this chapter relate, as far as possible, only to "untouchables" or to other persons whose caste, or condition of being outcaste, has made it difficult for them to obtain, without protection, equal educational opportunities with the members of all other communities

It is believed that the figures given are approximately accurate but some allowance must be made for a small margin of error in the totals owing to faulty classification or inadequate information. Many of the depressed classes, for example. who have become converts to Christianity, and are classified as Indian Christians, still suffer to some extent from social disabilities, but, as far as possible, Indian Christians have been excluded from the figures given.

The details for all India include the figures for Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and Orissa and the Central Provinces. The figures for Assam have not been included owing to the impossibility of distinguishing satisfactorily between the actual depressed classes in that province and the aborigines, who are not outcastes, in a population of which over 50 per cent. is classified as backward. Burma has been excluded from consideration since there are practically no untouchables in Burma.

According to the census of 1921 over forty million persons or 16 0 er cent. of the total population of British India are "untouchables"

But this figure evidently includes large numbers of aborigines who cannot strictly be classified as untouchables. A more correct estimate, based on the figures for the provinces, and excluding the figures for Assam, reveals the fact that the total depressed class population of British India is approximately 28,550,000 or 11·5 per cent. of the total population.

In 1917 there were 296,466 depressed class pupils reading in all classes of institutions and in 1926 there were approximately 667,000 such pupils. In 1917 the percentage of depressed class pupils to the total depressed class population was 1·02 and in 1926 it was 2·3. The corresponding figures for the pupils of all communities were :—1917,—3·0 and 1926, —4·0.

Progress in the education of the depressed classes has been very unequal as between province and province. Bengal, where the difficulties of untouchability have been least in evidence, has the highest percentage of pupils at schools Madras, where the caste problem has been most intense, stands second to Bengal, and the United Provinces, which has the largest depressed class population, has the lowest percentage of pupils reading in school.

The greatest difference between the percentage for depressed class pupils and the percentage for all classes of pupils occurs in the Punjab and the smallest difference is found in Bihar and Orissa, which has fewer depressed classes than any other province.

During the period 1921 to 1926 Bengal recorded the greatest increase in the percentage of depressed class pupils to the total depressed class population and the Central Provinces recorded the smallest increase.

In all the provinces, except Bengal, the depressed classes have remained extremely backward as far as higher education is concerned and by 1926 only one depressed class pupil out of every 100,000 of the depressed class population had reached the collegiate stage.

The special measures that have been adopted to encourage education amongst the depressed classes have been detailed below for each province, but the general policy of Government has, in both periods, included an insistence on the throwing open of all public schools to untouchables, the abolition of any differential treatment of depressed class pupils when in school, the provision of fee-remissions and special scholarships, the opening of separate schools and hostels in places where the size of the depressed class school-going population required it and the removal of all public schools from places not easy of access by depressed class children. The following paragraphs summarise the progress that has been made in the provinces, but uniform details have not been furnished for all the provinces ; accurate figures, for example, are not available for the same years for every province and the cost of the special measures taken for the education of untouchables has not been given, except in two cases, mainly owing to the fact that in provinces in which the majority of the depressed class pupils are reading in the ordinary schools no separate estimate of cost can be calculated.

Madras.—The number of untouchables in the Madras Presidency is approximately six and a half millions or 15 per cent. of the total population, though in some districts of the Presidency the proportion of the depressed classes to the district population is as high as 20 per cent.

In 1916 the total number of scholars from the depressed classes reading in recognised schools was 114,012 ; in 1921 it was 140,652 and in 1926 it was 209,730

In 1916 the percentage of such scholars to the total depressed class population was 1·7 ; in 1921 it was 2·1 and in 1926 it was 3·2. The corresponding figures for the percentages of all classes of scholars were :— 1916,—3·6 , 1921,—4·1 and 1926,—5·3. Thus, though considerable improvement has taken place in the education of the depressed classes, they still remain far behind the standard of other communities.

Between 1916 and 1921 the total number of scholars increased by 23·3 per cent. and between 1921 and 1926 it increased by 49·1 per cent.

In 1916 there were no depressed class pupils reading in colleges, but
there were 694 scholars, including 57 g
in 1921 there were 8 scholars, includi
Professional Colleges and 1,042 scholr
secondary schools, and in 1926 there
Arts and Professional Colleges and 2
reading in secondary schools

The two main factors which have operated against the educational advancement of the depressed classes have been poverty and the inability of the depressed class pupils to obtain admission into the ordinary schools. In both periods under review special steps have been taken to eliminate as far as possible these handicaps. Special scholarships, stipends, fee remissions, free meals and the free supply of books, slates and clothing have been granted in increasing numbers and separate schools for the depressed classes have been opened in places where the depressed class pupils have not been freely admitted into the ordinary schools, or in places where, owing to the persistent use of child labour sessional or night schools have been needed. Although it has been found necessary to open special schools for the depressed classes, Government has consistently advocated the admission of depressed class pupils into all public institutions and the removal of all public schools from buildings or localities to which depressed class pupils cannot be freely admitted.

Between 1916 and 1921 the following important measures were adopted to help forward the education of the depressed classes.

In 1919 special scholarships, tenable in primary and secondary schools, were instituted for the first time for children of the depressed classes, In the same year a Commissioner of Labour was appointed and this officer was entrusted with the task of encouraging the education of the depressed classes, especially by the opening of separate schools wherever necessary. In the year 1919 also special orders were issued by Govern-

ment insisting on the free admission of depressed class pupils into all schools under public management. Between 1921 and 1926 similar steps were taken to improve the position of the depressed classes. Additional scholarships and fee remissions were granted and their scope extended to colleges and technical schools and in 1922 depressed class candidates for the secondary school leaving certificate examination were exempted, on the production of a poverty certificate, from the payment of examination fees. In both periods poor students of the depressed classes were admitted into all classes of institutions on payment of half fees and in 1925 this concession was extended to Indian Christians of depressed class origin.

In 1916 there were 5,242 schools especially intended for the depressed classes with an enrolment of 148,954 pupils; in 1921 there were 7,007 such schools with 193,260 pupils and in 1926 there were 9,413 schools with 262,716 pupils. The fact that in the year 1926 there were nearly 70,000 caste pupils reading in schools mainly intended for the depressed classes is an indication of the extent to which prejudice is breaking down.

Expenditure.—In 1916 the total expenditure on special schools was Rs. 8·24 lakhs of which Public funds met 54 per cent., fees 3 per cent. and other sources 43 per cent.

In 1921 the total expenditure was Rs. 12·19 lakhs, of which Public funds met 56·6 per cent., fees 1·8 per cent. and other sources 41·6 per cent. In 1926 the total expenditure was Rs. 19·48 lakhs, of which Public funds met 61·0 per cent, fees 1·3 per cent. and other sources 37·7 per cent.

Bombay.—No up to date figures are available for the number of untouchables in the Bombay Presidency, but in 1917 approximately 9 per cent. of the total population were members of the depressed classes and, taking the same proportion of the population, the total number of untouchables at present in the Bombay province must number at least one and three quarter millions.

In 1916 there were 28,493 depressed class pupils in all grades of institutions; in 1921 there were 38,488 pupils and in 1926,—55,191 pupils. In 1916 the percentage of such pupils to the total depressed class population was 1·7; in 1921,—2·1 and in 1926,—3·1. The corresponding figures for the pupils of all classes of the community were:—1916,—3·8; 1921,—4·7 and 1926,—5·4. Between 1916 and 1921 the total number of depressed class pupils rose by 35·0 per cent. and between 1921 and 1926 by 43·3 per cent. Though progress has been made, especially in the period 1921 to 1926, the extremely backward state of the depressed classes may be judged from the fact that by 1926 the percentage of depressed class pupils at school was still less than the 1916 percentage for all classes of scholars.

In 1916 there [illegible]
278 in secondary [illegible]
in secondary sch [illegible]
730 reading in secondary schools. Between 1916 and 1921 the more important steps taken to improve the opportunities of the children of

the depressed classes were the opening of special schools and hostels, the sanctioning of fee remissions and special scholarships and the appointment, in one division, of a special officer to look after the education of the depressed classes In addition to the efforts made by Government and by local bodies, Christian Missions and the Depressed Class Mission Society of Poona did much to foster education among the depressed classes

Between 1921 and 1926 further important measures were adopted to help forward the depressed classes In 1923 Government ordered that no disability should be imposed on the children of the depressed classes in any school conducted by a public authority, that all schools located in temples, etc., should be removed to accessible buildings and that no grant-in-aid should be paid to an aided school which had refused admission to depressed class pupils In 1924 a large increase was made in the number of scholarships reserved for depressed class pupils, and available in all grades of institutions, and in 1925 a fixed percentage of the places in Government colleges and schools were reserved for "backward" class students, including depressed Throughout the period special attention was also paid to the training of depressed class teachers for service in the special schools for the depressed classes.

In 1916 there were 576 schools especially intended for the depressed classes with an enrolment of 15,126 pupils; in 1921 there were 467 schools with 16,454 pupils and in 1926,—597 schools with 20,066 pupils.

Bengal.—The depressed class population of Bengal is approximately six and three quarter millions or 15 per cent. of the total population of the province

In 1917 there were 86,027 depressed class pupils reading in all grades of institutions; in 1922 there were 96,552 pupils and in 1926 approximately 250,000 pupils.

In 1917 the percentage of depressed class pupils under instruction to the total depressed class population was 1·2; in 1922 it was 1·4 and in 1926 it was 3·7.

The corresponding percentages for pupils from all communities were: —1917,—4·1; 1922,—3·9 and 1926,—4·6. The figures show that satisfactory progress has been made especially in the period 1921 to 1926. I [illegible]

[illegible]

girls, reading at the secondary stage. Accurate details are not available for the year 1926.

In both periods under review the following special measures were adopted to encourage depressed class children to attend and remain at school:—

Government scholarships were reserved for backward class pupils, including those from the depressed classes, capitation grants were given to teachers in primary schools which admitted depressed class pupils free

and separate schools were opened, chiefly by mission agencies. It is reported, however, that the depressed classes in Bengal are as a rule freely admitted into the ordinary schools and the problem of untouchability has not affected the education of the depressed classes in the same measure as in other provinces.

United Provinces.—The total number of members of the depressed classes in the United Provinces is approximately eight and a quarter millions or 18 per cent. of the total population of the province.

In 1917 there were 16,561 depressed class pupils reading in all grades of institutions; in 1921,—27,724 pupils and in 1926,—75,916.

In 1917 the percentage of depressed class pupils to the total depressed [illegible] 0·33 and in 1926 it was 0·92. The [illegible] asses of the community were :—

[illegible]

Between 1917 and 1921 the number of depressed class pupils increased by 67·4 per cent. and between 1921 and 1926 it increased by 173·8 per cent.

While it is obvious that progress has been made, especially in the period 1921 to 1926, the figures for the number of scholars still remain abnormally low.

In 1917 there were 254 depressed class pupils in secondary schools; in 1921 there were 315 pupils in secondary schools and in 1926 there were 11 pupils, including one woman, reading in Arts and Professional Colleges and 1,414 reading at the secondary stage.

Between 1916 and 1921 the following measures were adopted to encourage the education of the depressed classes. District Boards were assisted to appoint supervisors of schools for the depressed classes, fee remissions were granted, scholarships were sanctioned for the continuation of education after the primary stage and special schools for depressed class pupils were opened.

Between 1921 and 1926 more comprehensive steps were taken upon the same lines, to improve the education of the depressed classes. More special schools were opened, District Boards received larger subsidies for the maintenance of free schools, more supervisors were appointed and special grants were paid to aided schools maintained primarily for the depressed classes. By the end of the period large increases in enrolment had taken place both in the number of depressed class pupils reading in ordinary schools and in the number of caste pupils reading in the special schools for the depressed classes.

In 1922 there were 582 special schools maintained by District Boards with an enrolment of 14,610 depressed class boys and in 1926 there were 781 such schools with an enrolment of 22,926 boys.

Punjab.—The depressed class population of the Punjab is approximately one million seven hundred thousand or 8 per cent. of the total population. In 1917 there were 3,412 depressed class pupils reading in

all grades of institutions, in 1921 there were 2,196 pupils and in 1926,—19,049 pupils.

The percentage of depressed class scholars to the total depressed class population was 0·17 in 1917, 0·13 in 1921, and 1·1 in 1926. The corresponding figures for pupils of all communities were:—1917,—2·1; 1921,—2·4 and 1926,—4·8. Though there was a very satisfactory increase in the number of pupils under instruction during the period 1921 to 1926 the percentage of pupils under instruction to the total population remains distressingly low and the education of the women of the depressed class community has hardly begun; the percentage of girls under instruction in girls schools being in 1926 only 0·12 per cent.

The higher education of the depressed classes is also almost non-existent. In 1917 there were 4 male scholars at the high school stage; in 1921,—17 male scholars and in 1926,—26 male scholars. Only one depressed class student has read in a college since 1916.

Between 1917 and 1921 the special measures taken to improve the educational condition of the depressed classes included a revision of the rates of grant available to schools for low caste children, the opening of special schools and the granting of fee-remissions and scholarships. Between 1921 and 1926 more active steps were taken to encourage the attendance of depressed class pupils at school and in 1923 a special circular was issued to all Commissioners and Deputy Commissioners advocating equality of opportunity for all classes and suggesting special methods for the expansion of education among the depressed classes, including the maintenance of separate lists of the depressed class children of school-age in every area, the exemption from payment of fees and the free provision of books by local bodies and the establishment of night schools. By 1926, out of a total of 19,049 depressed class pupils, 15,899 were reading in ordinary schools and these figures indicate sufficiently well the extent to which caste prejudice has been broken down.

Bihar and Orissa.—The total number of members of the depressed classes in Bihar and Orissa is approximately one million or 3 per cent of the total population of the province.

In 1917,—19,841 depressed class pupils were reading in all grades of institutions; in 1922,—15,096 and in 1926,—23,763. In 1917 the percentage of depressed class scholars to the total depressed class population was 1·6; in 1922 it was 1·5 and in 1926 it was 2·3. The corresponding figures for pupils of all communities were:—1917,—2·3, 1922,—2·2 and 1926,—3·0.

Between 1917 and 1922 the total number of scholars fell by 23·9 per cent. and between 1922 and 1926 it rose by 57·4 per cent.

The decline in the number of pupils between 1917 and 1922 was mainly due to the causes common to other communities, already explained in the chapter on primary education.

The depressed classes, up to the year 1926, were almost entirely divorced from higher education. In 1917 and in 1922 no depressed class

pupil had reached the high school stage and in 1926 only 7 male scholars were reading at a high school stage.

Between 1917 and 1922 the following special measures were adopted to improve the education of the depressed classes :—

A number of special schools for depressed class pupils were opened, special rates of pay were granted to teachers in schools admitting certain sections of the depressed classes, special rates of grant-in-aid were given to certain schools admitting untouchables, fee remissions and free studentships were granted and a number of special scholarships were sanctioned.

Since 1922 further steps have been taken along the same lines to help the untouchables. Certain Boards have appointed a special inspecting staff and for a period of five years from 1926 the members of the untouchable castes throughout the province have been excused fees at all secondary schools managed or aided by Government

In 1917 there were 41 special schools for the depressed classes ; in 1922 there were 131 such schools with 3,101 pupils and in 1926 there were 219 schools with 5,351 pupils.

Expenditure.—In 1917 the total expenditure on special schools for the depressed classes was Rs. 7,590 ; in 1922 it was Rs. 15,733 and in 1926 it was Rs 35,228.

Central Provinces and Berar.—The total population of the depressed classes in the Central Provinces is approximately two million six hundred thousand or 18 per cent of the total population of the province.

In 1917 there were 26,661 pupils from the depressed classes reading in all grades of institutions ; in 1921 there were 30,163 pupils and in 1926,—34,168 pupils.

The percentage of pupils of the depressed classes to the total depressed class population was 0·89 in 1917 ; 1·1 in 1921 and 1·3 in 1926. The corresponding percentages for pupils of all communities were :—1917,—2·5 ; 1921,—2·5 and 1926,—2·6.

In 1917 there were 18 male scholars reading at the high school stage ; in 1921 there were two male scholars reading in colleges and 16 male scholars reading at the high school stage and in 1926 there were 8 male

tremely backward. By 1926 no girl pupil had reached the high school stage and the percentage of female pupils under instruction to the total female depressed class population was only 0 03 as against 0·5, the figure for female scholars from all communities.

Between 1917 and 1921 the following measures were adopted to improve the state of education amongst the depressed classes :—

Departmental rules were framed to prevent the refusal of admission of depressed class pupils into any publicly managed institution ; special

schools were opened only in areas in which adequate facilities did not exist in the ordinary schools owing to the size of the depressed class population, the grant-in-aid rules were revised to admit of special two-thirds grants to schools for the depressed classes opened by private management, special hostels were opened for depressed class pupils and fee remissions and reserved scholarships were granted.

Between 1921 and 1926 the number of scholarships for the depressed classes was increased, a small bonus was granted to head masters of primary schools for each pupil from the depressed classes who passed the primary certificate examination, the educational rules were amended so as to prohibit any differential treatment of depressed class pupils reading in public schools and increased grants were given for the construction of special hostels

Assam.—Owing to the large variety of tribes in the province of Assam it is almost impossible to give anything like even approximately correct figures for the depressed class population. The total population of all the aborigines, hill and forest tribes and depressed classes is, however, nearly four millions or 50 per cent. of the total population of the province The following figures, which cannot be regarded as strictly accurate, for the number of pupils under instruction exclude hill tribes but include aborigines living in the plains, separate figures not being available for depressed class pupils only.

In 1917 there were 29,505 pupils under instruction in all grades of institutions and in 1921 there were 22,739 such pupils. No figures are available for subsequent years.

The figures for Aborigines, Hill Tribes and depressed classes show that in 1917 there were 2 scholars in colleges and 1,832 scholars, including 54 girls, at the secondary stage and in 1921 there were 57 scholars in colleges and 1,781 including 28 girls, at the secondary stage The fall in the number of scholars between 1917 and 1921 may probably be accounted for by inaccurate figure and differences in classification. From 1917 onwards depressed class pupils have been encouraged by fee remissions, special scholarships and the provision of separate schools and hostels.

Chapter XII.—The education of Europeans and Anglo-Indians.

The total number of Europeans (including Armenians) and Anglo-Indians in British India is approximately two hundred and fifty thousand or 0·1 per cent. of the total population.

In 1916 the total number of European scholars reading in all classes of institutions was 39,583; in 1921, 43,235 and in 1926, 46,962. The percentage of European scholars to the total European population was 15·8 in 1926, 17·2 in 1921 and 18·7 in 1926. The corresponding figures for all communities were :—1916,—2 9; 1921,—3·1 and 1926,—4 0.

In 1916 there were 415 institutions especially intended for Europeans; in 1921, 436 and in 1926, 418. The number of scholars reading in these institutions was 39,431 in 1916; 44,817 in 1921 and 51,573 in 1926.

The number of non-European scholars reading in European schools was 2,979 in 1916, 4,152 in 1921 and 8,800 (approximately) in 1926. The number of Europeans reading in Indian schools was 3,131 in 1916, 2,570 in 1921 and 4,189 in 1926.

Thus, while the number of Europeans reading in European schools increased by only 5·1 per cent. between 1921 and 1926, the number of Indians reading in European schools increased by 111·9 per cent. and the number of Europeans reading in Indian schools increased by 62·9 per cent.

Between 1916 and 1921 the increase in the number of European scholars in European schools was larger than the corresponding increase between 1921 and 1926 and this may be accounted for by the war, which was responsible for a large increase in enrolment, especially in the Hill schools.

The reduction in the number of schools for Europeans between 1921 and 1926 was not due to any falling off in the demand for facilities for education but was the result of a deliberate policy of concentration whereby small scattered schools were replaced by central schools and rival schools in large towns were amalgamated; the majority of schools thus affected being railway and mission schools. It may be noted that in 1926 out of a total of 418 European schools as many as 83 were maintained by Railways.

The large increase in the number of non-European scholars reading in European schools between 1921 and 1926 was due to a change in policy in most provinces whereby the restrictions on the admission of non-Europeans into European schools were withdrawn or modified. In the European Schools Code of 1905, which was made common for all India, the admission of Indians was limited to 15 per cent. of the total enrolment, but since 1916 various provinces have raised the permissible percentage and by 1926 Madras and Bombay were admitting up to a fixed limit of one-third and in Burma, where all restrictions have been removed, consequent on European education being "transferred", 36 per cent. of the total enrolment consisted of non-European children.

The extent to which the permission to admit Indians has been availed of has depended on the location of the schools, whether in the hills or in the plains, the finances of the managements and the desire or otherwise of managements to retain the distinctive features of European schools.

The rise in the number of European scholars reading in schools for Indians was mainly due to the absence of adequate facilities in European schools, especially in Arts and Professional Colleges and in Technical Institutions, to the comparative cheapness of higher education in Indian

schools and to the increasing need for Anglo-Indians to compete with Indians, through the same system of examinations, for employment.

In 1916 there were 5 Arts and Professional Colleges for Europeans in British India, in 1921, 6 and in 1926, 9. But in 1926 in the Governors' Provinces there were no Arts Colleges for Europeans, except in the United Provinces, where there were 4 Intermediate colleges for males with a total of 31 European scholars, and only 3 Professional Colleges, 2 Training Colleges for teachers in the Punjab, one for males and one for females, with a total of 47 scholars, and one Training College for females in Bengal with 20 scholars.

The total number of Europeans reading in Arts and Professional Colleges in the Governors' Provinces in 1916 was 531; in 1921, 456 and in 1926, 589. In 1926 the total number of European scholars reading in Arts and Professional Colleges in British India was 646, including 11 in Law Colleges, 68 in Medical Colleges, 89 in Training Colleges, 107 in Engineering Colleges, 2 in Agricultural Colleges, 11 in Commercial Colleges, 6 in Forest Colleges and 1 in a Veterinary College.

Between 1921 and 1926 the number of European scholars reading in all classes of institutions increased in every province, except in the Punjab, the largest increase occurring in Burma.

The staffing of European schools showed considerable improvement in both the periods under review. In 1916 the percentage of trained teachers to the total number of teachers was 49·4; in 1917 it was 54·8 and in 1926, 61·0. The latter figure compares favourably with the figure for trained teachers in all institutions in 1926 (45·6 per cent.), but in view of the relatively small number of European schools the percentage of trained teachers in European schools was low in both periods and the number of trained graduate teachers very small. In Madras, which has the largest number of European schools, there were in 1926 only 49 trained graduate teachers out of a total of 735 teachers.

Between 1916 and 1921 there was no large change of policy in regard to European education except that the restriction on the admission of non-Europeans was relaxed and the concentration and amalgamation of schools were encouraged. The school and examination curricula and syllabuses were revised in most provinces and instruction in Manual Training, Domestic Economy, Telegraphy, etc., was developed, particularly in Madras and Bombay. By the revision of the curricula in Madras the study of a vernacular was made compulsory. The Boarding grants were raised in Madras, free studentships were increased in value in Bihar and Orissa and the stipends in the Training Colleges in the Punjab were enhanced.

Between 1921 and 1926 the policy of amalgamation and concentration was continued in the major provinces and new Educational Codes for European schools were introduced in Madras and the United Provinces. In Madras, the Punjab and the Central Provinces the system of grant-in-aid was revised so as to bring it into line with the grant-in-aid

Code for Indian schools and the number and value of European scholarships were increased in Bombay and the Punjab. In Madras the curricula and syllabuses for European schools were completely revised and a system of School Leaving Certificates was introduced.

In 1916 the total direct and indirect expenditure on European education was Rs. 90 08 lakhs; in 1921, Rs. 120·09 lakhs and in 1926, Rs. 145 01 lakhs. Between 1916 and 1921 the total expenditure increased by 33·3 per cent. and between 1921 and 1926 by 20 7 per cent.

The total expenditure in the Governors' provinces increased from Rs. 89·81 lakhs in 1916 to Rs. 114·95 lakhs in 1921 and in 1926 it was Rs. 135·65 lakhs.

To the total expenditure in 1916 Government funds contributed 38·1 per cent., fees 32·3 per cent. and other sources 29·1 per cent. The corresponding figures for 1921 and 1926 were :—1921—, Government funds 35 6, fees 35 2 and other sources 28 9, 1926 :—Government funds 34·2, fees 34·9 and other sources 30 5. In each year Local Board funds contributed under one per cent. to the total cost. Between 1916 and 1926 the percentage of Government contribution fell by 3 9 and the percentage of contribution from fees and other sources together rose by 4 0.

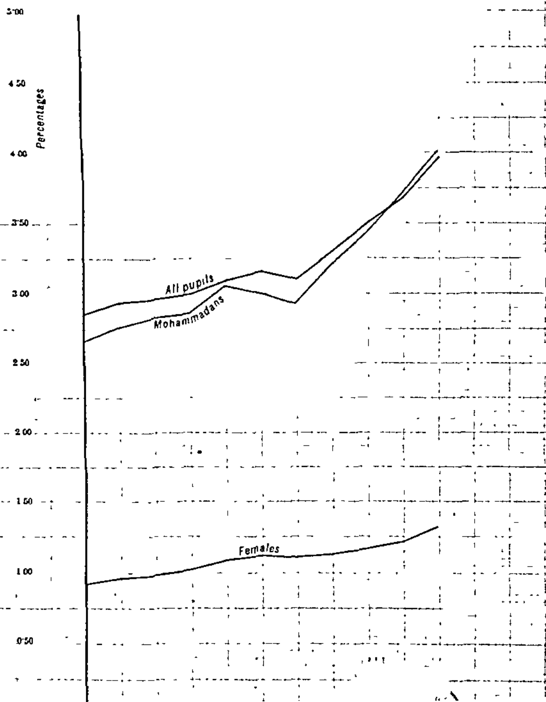
The most noticeable feature of the above figures is the high percentage of cost borne by fees and other sources together, the figures being :—1916,—61·4, 1921,—64·1 and 1926,—65·4. These figures may be compared with the figures for the expenditure on all classes of education which were :—fees and other sources, 1916,—43 9, 1921,—39 9 and 1926,—37·9.

The figures show that while the expenditure from Public funds on the education of all classes increased from 56·1 per cent. in 1916 to 62·1 in 1926, the expenditure from Public funds on European education fell from 38·6 in 1916 to 34·6 in 1926.

The total expenditure on European education increased in all provinces between 1916 and 1921, but between 1921 and 1926 the expenditure fell in the Punjab and in Bihar and Orissa and rose in all other provinces. The total expenditure in the Punjab was even less in 1926 than it was in 1916. Between 1916 and 1921 the expenditure from Government funds fell in Bombay and increased in all other provinces, but between 1921 and 1926 the expenditure from Government funds decreased in Bengal, the Punjab, Bihar and Orissa, the Central Provinces and in Assam and rose in the other provinces. The expenditure from Government funds was actually less in Bombay, the Punjab and the Central Provinces in 1926 than it was in 1916.

The fall in expenditure in certain provinces can be partly accounted for by the decrease in the number of European institutions which occurred between 1916 and 1921 in Bombay and the Punjab and between 1921 and 1926 in Bombay and Bengal and by a decrease in the number of scholars. Between 1916 and 1921 the fee income increased in all provin-

Graph showing the progress in the percentages of all pupils, Mohammadans and Females in all recognised institutions to their respective populations.



number of trained teachers to meet the increased demand. But, mainly owing to financial reasons, several provinces have not been able to provide adequate facilities for the training of the additional teachers required. Between 1916 and 1921 all the provinces excepting Bengal, Burma and Assam increased the number of students under training in training schools, the increase being most marked in Madras, the United Provinces and in Bihar and Orissa. Between 1921 and 1926 while large increases were recorded in Madras, the Punjab and Burma, the number of students under training decreased in Bombay, Bengal, the United Provinces and in the Central Provinces.

The results of the steps taken to increase the output of trained teachers are reflected in the rise in the percentage of trained teachers to the total number of teachers. In 1916 the percentage of trained teachers to the total number of teachers in primary and secondary schools was 30·1; in 1921 it was 37·1 and in 1926, 45·6. The figures for secondary and primary schools separately were :—

Secondary :—1916,—36·4, 1921,—43·3 and 1926,—50 6.

Primary :—1916,—28·3, 1921,—35·6 and 1926,—44·2.

The percentages for the individual provinces have been discussed in the chapters on secondary and primary education, but it is noticeable, with reference to the number of training institutions and scholars in the provinces, as mentioned above, that in 1926 the highest percentages of trained teachers in secondary schools were in Madras, the Punjab and Burma and the highest percentages of trained teachers in primary schools were in the United Provinces and in the Punjab.

The maintenance of an adequate supply of trained teachers and the satisfactory staffing of schools depends, amongst other things, on the qualifications demanded from candidates undergoing training, the value of the stipends offered to students under training and the scales of pay and the prospects of teachers generally. The steps taken to improve the supply and conditions of service of the teachers in Indian schools in the various provinces are outlined in the following paragraphs.

Madras.—Between 1916 and 1921 the pay of teachers in all Government secondary schools and in most Local Board secondary schools was improved and a recurring sum of one lakh was granted for the improvement of the pay of low-paid teachers in aided secondary schools. The stipends to students under training in aided training schools were raised, the secondary training course was increased to two years, except for candidates who had read up to the Intermediate standard, and endeavours were made to encourage higher elementary training in preference to lower elementary training.

The minimum pay of trained teachers in Local Board elementary schools was raised from Rs. 10 to Rs. 12 and a special allowance of Rs. 4 was paid to all the teachers in schools managed by Boards which were willing to meet half the cost of the allowances.

The rates of teaching grants to aided elementary schools were revised and the following table shows the improvement between 1916 and 1921 :—

	1916 Rs Per annum.	1921 Rs Per annum
A Secondary Trained teacher	120	180
A Higher Elementary Trained teacher	48	96
A Lower Elementary Trained teacher	42	84
An untrained teacher	36	..
An untrained secondary teacher	..	96
An untrained Higher Elementary teacher	..	72
An untrained Lower Elementary teacher	..	48

Between 1921 and 1926 the pay in some Local Board secondary schools was increased and the special one lakh teaching grant to aided secondary schools was continued. The qualifications for admission to both secondary and elementary training schools were raised, the pay of teachers in all Government Elementary Schools and in some Local Board Elementary Schools was increased and a compulsory provident fund scheme was introduced for all teachers on Rs. 20 and above in secondary and elementary schools. The rates of teaching grants payable to aided elementary schools were also raised so that an untrained secondary teacher received Rs. 120, a trained higher elementary teacher Rs. 120, an untrained higher elementary teacher Rs. 84 and untrained Lower Elementary teacher Rs. 60.

Bombay.—Between 1916 and 1921 the stipends of all classes of teachers under training were raised and the pay of teachers in Government and Local Board Secondary schools was improved. The following table shows the improvements made in the minimum pay of teachers in Government and Local Board primary schools :—

	1916. Rs. Per mensem.	1921 Rs Per mensem.
Unqualified teachers	9	20
Qualified teachers	9	25
Unqualified Headmasters	11	25
Qualified Headmasters	11	30
First year trained teachers	12	30
Second year trained teachers	15	35
Third year trained teachers	20	40

Between 1921 and 1926 the pay of teachers in Government and Local Board primary schools was again raised and the following scales were introduced :—

	Rs.
Unqualified teachers	20
Qualified teachers	25—½—30
First year trained teachers	30—½—35—½—40
Second year trained teachers	35—½—45—1—50
Third year trained teachers	40—½—50—1—60

Headmasters and first assistants were given special allowances and the scales of pay for all teachers in Sind were made higher than the scales for Bombay proper.

Bengal.—Between 1916 and 1921 the pay of teachers in all grades of Government schools was revised and the average pay of a teacher in a Local Board primary school (excluding the city of Calcutta) improved from Rs. 10·7 to Rs. 11·8 and that of a teacher in a privately managed school from Rs. 7·4 to Rs. 7·9. In 1916 the average minimum pay of a teacher in a Local Board primary school was Rs. 6 and that of a teacher in a privately managed primary school was Rs. 4, the corresponding figures for the year 1921 being Rs. 10 and Rs. 3 respectively.

Between 1921 and 1926 the number of stipen 's available for teachers in vernacular training schools was raised and their value increased and an additional sum of Rs. 3 lakhs was sanctioned as grant-in-aid to aided secondary schools with the main objects of improving the pay of teachers and of instituting provident funds. A special grant of Rs. 2 lakhs was also made by Government to improve the pay of teachers in aided primary schools.

United Provinces.—Between 1916 and 1921 the number and value of stipends in all grades of training schools were increased, the pay of teachers in all Government secondary schools was improved and large increased grants were paid to aided secondary schools for enhancing the rates of pay of teachers. The following table shows the improvement in the minimum pay of teachers in Local Board primary schools :—

	1916	1921.
	Rs.	Rs.
	Per mensem	Per mensem.
Untrained teachers	8	12
Trained teachers	10	15
Head Masters	14	20

Between 1921 and 1926 a Government Provident Fund scheme was introduced for all teachers in recognised secondary schools and the minimum pay of trained teachers in Local Board primary schools was raised from Rs. 15 to Rs. 17 per mensem.

Punjab.—Between 1916 and 1921 the pay of all teachers in Government secondary schools was improved and the average monthly pay of a trained teacher in a Local Board primary school increased from Rs 15 to Rs 26 By 1921 the average minimum pay of a teacher in a Local Board primary school was Rs 15·2 and the average minimum pay of a trained teacher of the lowest grade was Rs. 18·2.

Between 1921 and 1926 provident funds were made compulsory in all recognised secondary schools and the scales of salaries in most Local Board secondary schools were raised. The pay of trained teachers in Local Board primary schools was considerably improved and in 1926 the minimum pay of a trained teacher of the lowest grade was approximately Rs 20 a month.

Burma.—Between 1916 and 1921 the qualifications necessary for admission to all grades of training were improved and the number and value of stipends were increased. The pay of all teachers in Government Anglo-Vernacular schools was improved and a minimum scale of salaries was fixed for all recognised aided Anglo-Vernacular schools. Between 1921 and 1926 the scales of salaries in vernacular secondary schools were improved, a provident fund scheme was instituted for all aided secondary schools and new and improved scales of pay were introduced for all primary schools under local authorities. Under the new rules governing the pay of Vernacular School Teachers, the minimum pay of the lowest grade uncertificated Primary School Teacher was fixed at Rs. 25.

Bihar and Orissa.—Between 1916 and 1921 the rates of pay of all teachers in Government schools were increased and the pay of teachers in most Local Board and aided secondary schools was improved. The average pay of a teacher in a Local Board primary school increased from Rs 10·9 in 1916 to Rs. 13·1 in 1921 and that of a teacher in a privately managed primary school from Rs. 7·1 to Rs. 8·5, but in some districts the minimum pay was as low as Rs 3. Between 1921 and 1926 the value of the stipends for teachers under training was raised and the qualifications necessary for admission to training schools were improved A Provident Fund Scheme was introduced for all recognised aided secondary schools and the system of grant-in-aid to secondary schools was revised The minimum pay of an untrained teacher in a Local Board primary school was fixed at Rs 5 and that of a trained teacher of the lowest grade at Rs. 10. The average pay of a teacher employed in an aided primary school improved, between 1921 and 1926 from Rs. 8·5 to Rs. 9·9.

Central Provinces.—Between 1916 and 1921 the value of the sti-

dary and primary schools and the minimum pay of vernacular primary Local Board school teachers was fixed at Rs. 20 for a trained teacher and at Rs. 15 for an untrained teacher. The average pay of a teacher in an aided primary school rose from Rs. 10·4 to Rs. 15·3.

Between 1921 and 1926 the number and value of the stipends paid to students under training were increased and a Provident Fund scheme was made compulsory in all aided secondary schools. In most Local Board primary schools time scales of pay were introduced with the same minima as in the previous period and the average pay of a teacher in an aided primary school improved from Rs. 15 3 to Rs. 20·2.

Assam.—Between 1916 and 1921 the average pay of a teacher in a Local Board primary school improved from Rs. 9 to Rs. 14·6 and that of a teacher in an aided primary school from Rs. 9·6 to Rs. 15·2. The minimum pay of a teacher in a publicly managed primary school was also raised from Rs. 8 to Rs 12.

Between 1921 and 1926 the value of the stipends in training institutions was raised and a special grant of Rs. 25,000 was given to aided secondary schools for the improvement of the pay of teachers.

The above details for the provinces show that while large variations exist between province and province, considerable improvement has taken place in the pay and conditions of service of teachers in both periods under review. In the matter of the pay of primary school teachers, who form the great majority of all classes of teachers, the greatest improvement occurred in Bombay, the Punjab, Burma and in the Central Provinces.

Expenditure.—In 1916 the total expenditure on training colleges and schools in British India was Rs. 32 67 lakhs of which Government funds met 80 6 per cent. and other sources 19·4 per cent. The corresponding figures for the years 1921 and 1926 were :—1921,—total expenditure Rs. 60 68 lakhs, Government funds 85·9 per cent., other sources 14·1 per cent. 1926,—total expenditure Rs. 65·28 lakhs. Government funds 90·1 per cent. and other sources 9·9 per cent.

Chapter XIV.—Technical, Industrial and Vocational Education.

In the periods under review technical, industrial and vocational education have been developed by the establishment and maintenance of special institutions and by the broadening of the curricula in schools for general education. The first part of this chapter, therefore, deals with technical and industrial schools and the second part is concerned with the vocational side of general school education.

Special Schools.

Commercial Schools.—In addition to the Commercial Colleges mentioned in a previous chapter there were in 1916, 65 commercial schools with 3,647 pupils; in 1921, 58 schools with 3,799 pupils and in 1926, 130 schools with 6,750 pupils. The courses of instruction have naturally varied in the different institutions, but the majority of the commercial schools provided courses in shorthand, typewriting, book-keeping, banking and commercial geography. The demand for commercial education

has varied considerably as between province and province and between 1921 and 1926 the number of schools increased from 2 to 48 in Madras, from 31 to 36 in Bombay, from 15 to 27 in Bengal and from 7 to 10 in Bihar and Orissa.

There were no commercial schools in the United Provinces, the Punjab and Burma in 1921 but in 1926 there were 3 in the United Provinces, 1 in the Punjab and 13 in Burma. The Central Provinces had one school in 1921 but no school in 1926 and Assam had no school in either year. The figures for 1926 include the following schools for women :—2 in Bengal, 1 in Bombay, 1 in the Punjab and 1 in Burma.

Technical and Industrial Schools.—In 1916 there were 237 schools with 12,685 pupils, in 1921 276 schools with 14,082 pupils and in 1926, 396 schools with 20,818 pupils. The figures for 1926 include 77 schools for girls with 3,358 pupils.

It is difficult to generalise with regard to the type of instruction given in these institutions and the class of student attending the courses, but the majority of the schools are trade and craft schools training industrial apprentices, artisans and workers in special crafts. The technical and industrial schools of Madras, Bombay and Bengal alone include the following variety of schools and classes :—Railway schools, mining schools, minor engineering schools, carpentry schools, spinning and weaving schools, textile manufacture and leather trade schools and classes in building, printing, motor driving, blacksmithy, dyeing, metal work, wood work, plumbing, sanitary engineering, lacquer work, pottery, cane work, basket making, lace making and embroidery. The large increase in the number of schools and pupils since 1921 indicates the extent of the demand for practical training and a special feature of some of these trade schools in the major provinces has been the training of apprentices and workmen by agreement with their employers, such as Railway Companies, Factories, Mills, etc.

Agricultural Schools.—In addition to the Agricultural Colleges mentioned in a previous chapter there were in 1916, 3 Agricultural schools with 71 pupils; in 1921, 11 schools with 291 pupils and in 1926, 17 schools with 517 pupils. The 17 schools in 1926 included 10 under Government management and one school for girls under Mission management in Bihar and Orissa. Six of the schools are in Bombay, three in Bengal and three in Madras. These 12 schools are similar in character and provide a two years' vernacular course for the sons of agriculturalists. Boarding, lodging and tuition are provided free in the Bombay schools. The Agricultural school in the United Provinces provides a two years' vernacular course for fieldmen, a course for Farm Mechanics and a course for teachers from Vernacular Middle Schools.

Vocational classes in schools for general education.

In both periods, but particularly between 1921 and 1926, there has been a marked tendency to broaden the courses of instruction both in

secondary and primary schools so as to give manual training, in some form, to all grades of pupils, to widen the choice of optional subjects and to make the public examinations not merely a test of efficiency leading to higher literary education, but also an opportunity for qualifying for direct employment or for further technical study. In rural vernacular schools much has been done to make the curriculum suitable for the children of the agricultural classes, who form the bulk of the school-going population, and to adapt the instruction to the needs of the village pupil who is likely to return to a rural occupation.

The following paragraphs summarise, as far as possible, the activities of the various provinces in these directions :—

Madras.—Prior to 1921 the Secondary School Leaving Certificate Examination, taken at the end of the high school course, included the following technical subjects as optionals :—shorthand, typewriting, book-keeping, précis writing and indexing, commercial practice and geography, commercial arithmetic, agriculture, domestic economy, dress making and lace making ; manual training classes were working at a number of centres and carpentry and weaving classes were being held in a number of secondary schools.

Between 1921 and 1926 Practical Telegraphy was added to the list of optional subjects taken in the Secondary School Leaving Certificate Examination and the number of candidates appearing for commercial subjects largely increased. In the same period there was a rapid development of manual training and practical or vocational instruction in secondary and primary schools and by the end of the year 1926 as many as 68 secondary schools were giving instruction in some form of manual training and the total number of pupils receiving such instruction was approximately 12,000. The courses of instruction included wood work and mechanical drawing, weaving, carpentry, metal work, agriculture, tailoring, engraving, rattan work, spinning, book-binding, sericulture, horticulture, dyeing, mica work, coir work, smithy, printing and market gardening.

In elementary schools, similar developments took place on a smaller scale and by the end of 1926 over 2,000 pupils reading in standards IV to VIII were receiving instruction in practical training classes attached to 21 institutions. The instruction included courses in weaving, tailoring, carpentry, woodwork and agriculture.

There was also a very large increase in the number of practical classes attached to training schools for teachers and by the end of 1926 there were 51 such classes with over 8,000 students in attendance. The courses included instruction in wood work, mechanical drawing, weaving, rattan and bamboo work, textile printing, aluminium work, engraving, book-binding and basket work.

It has to be noted, however, that the main object of the development of practical training in all grades of schools was educational rather than vocational and that though pupils might have been aided by the study of a form of handicraft ultimately to become artisan apprentices the

improvement of their general education was fundamental to the introduction of the training already described. In 1922 the post of Manual Training Instructor attached to the Government Training College for Teachers Saidapet (Madras), was converted into the post of Adviser to Government on Manual and Vocational training and the officer who held the post supervised the development of the schemes already outlined.

Bombay.—Prior to 1921 both the School Final Examination and the School Leaving Examination which were conducted by the Joint Examination Board created in 1918 included practical subjects such as carpentry short-hand type-writing book-keeping and commercial correspondence and manual training was introduced into a few primary schools

Between 1921 and 1926 there was little development in regard to practical training in secondary schools though domestic science and manual training were added to the optional subjects in the School Leaving Examination In primary schools, however, an important change was introduced in 1923 by the bifurcation of the primary school course after standard IV and the provision of a special alternative curriculum with an agricultural bias for standards V to VII By the year 1926, 43 primary schools had adopted the alternative course and 1,252 pupils were under instruction in standards V to VII. The object of the alternative course was not to train agriculturists, but to give a general school education with a bias towards agriculture and with this end in view the course included theoretical and practical teaching in simple village agriculture with actual work on small agricultural plots and instruction in village carpentry and smithy.

Bengal.—Prior to 1921 manual instruction was being given in 22 secondary schools and the subjects taught included carpentry, spinning and weaving. Between 1921 and 1926 no progress was made in the development of manual training in secondary schools and it would appear that even the existing vocational classes lost their popularity.

In 1923 a revised curriculum for primary schools was introduced and included manual work for boys and manual work, including clay-modelling and domestic science, for girls.

United Provinces.—In 1921 there were 32 secondary schools taking commercial subjects, including shorthand, type-writing, book-keeping and commercial correspondence, in the School Leaving Certificate Examination and 11 schools taking manual training, but the number of candidates at the examination both for commerce and manual training was very small

Between 1921 and 1926 the whole position of vocational instruction in schools for general education was reviewed and it was decided that the demand for vocational education could best be met by the provision of special schools. But manual training was encouraged and developed in secondary schools because of its general educative value. The number of students taking up commercial subjects in secondary schools in-

creased and spinning and weaving were introduced into the syllabus for domestic science in girls' high schools.

In 1924 Government decided to introduce practical agriculture as a compulsory subject in a limited number of vernacular middle schools and by 1926, 9 Board schools had opened agricultural classes. These classes were not designed to produce expert agriculturists, but to give an agricultural bias to the general school education. In 1925 Government further decided to introduce wood work as a form of compulsory manual training in vernacular middle schools and by 1926, 15 Board schools had opened wood work classes in specially constructed manual training blocks.

The Punjab.—Between 1916 and 1921 the optional subjects in the School Leaving Certificate examination included commercial subjects and the tuition in these subjects was in the majority of cases given in special clerical training centres, attached to individual secondary schools, but open to students from all the neighbouring schools. Similarly the manual training given to pupils in secondary schools was mainly conducted in special training centres and by the end of the year 1921 there were 19 such manual training centres and 36 commercial training centres. With regard to primary schools the outstanding feature of the period was the opening of practical agricultural courses in vernacular middle schools, the schools chosen being provided with small farms or garden plots. The teaching in these classes was in the hand of rural teachers especially trained at the Government Agricultural College, Lyallpur, and the course of instruction was intended to adapt the curriculum of the rural vernacular middle school to the needs of the rural community. By the end of the year 1921, 44 middle schools were teaching agriculture and several high schools, with farms attached, were conducting practical classes in agriculture.

Between 1921 and 1926 the schemes for vocational training initiated in the previous period were further developed and it was definitely decided as a matter of policy not to institute separate schools for the teaching of vocational subjects but to adapt the instruction in the ordinary schools to the lives and environment of the pupils so as to train boys both for ordinary rural occupations and where possible, for ultimate study *in craft schools and wholly vocational classes.*

The system of opening agricultural classes in the ordinary vernacular middle schools was continued and by the end of the year 1926 there were 102 schools teaching agriculture, 50 with farms attached and 52 with garden plots. Agriculture was included as a subject in the Matriculation examination, but little progress was made in the development of agricultural farms and classes attached to high schools. The policy of giving a form of vocational instruction in the schools for general education naturally necessitated a revision of the curriculum in training schools and in the period under review farming, gardening and manual work formed an essential part of the work in most vernacular training schools.

Burma.—Prior to 1921 commercial subjects weaving, lace-making and sloyd were taught in a number of Anglo-vernacular and vernacular schools but it was an accepted policy that facilities for vocational education should be provided for in special schools. Between 1921 and 1926 no special developments took place except that the number of vernacular schools using trained sloyd teachers increased and sloyd training classes were attached to four Government training schools.

Bihar and Orissa.—Between 1916 and 1921 a School Leaving Certificate Examination was introduced at the end of the high school course and provision was made for candidates taking commercial subjects, manual training and domestic science and manual training instruction was given in classes attached to four Government High Schools. Between 1921 and 1926 the whole question of vocational education both in special schools and in schools for general education was considered by a Committee appointed by Government in 1922. By 1925 orders had been passed on the report of the Committee and as the result of the Committee's recommendations vocational subjects were introduced into a number of middle and high schools, while more attention was paid to school-gardening, nature study, clay modelling and paper work in primary schools. In middle schools a number of classes for agriculture, carpentry, weaving and tailoring were opened and by the end of 1926 manual training was being taught in 11 high schools and commercial subjects in 9 high schools. In 1924 spinning was made compulsory for girls over 10 years of age in primary schools and optional for boys over that age in primary schools.

Central Provinces and Berar.—Between 1916 and 1921 manual training, chiefly in the form of woodwork, was introduced into a number of secondary schools and in 1919 a Director of Manual Training was appointed. In primary schools endeavours were made through the encouragement of school gardening and nature study to adapt instruction more closely to rural needs and instruction in practical agriculture was in a few cases experimented with.

Between 1921 and 1926 the whole question of vocational education was considered by a committee which was appointed by Government to consider the needs of the province in the matter of vocational training, but the recommendations of the Committee were mainly concerned with technical and industrial education in special institutions. Manual training was developed in a large number of high and middle schools and by the end of 1926-27 manual training centres had been established. In 1925 a special two years' course of training for manual training instructors was opened in the Government Training College, Jubbulpore, and instruction in manual training was given to the teachers under training in all training schools.

Assam.—In neither period was there any special development of vocational training in schools for general education and the accepted policy was not to encourage such developments.

Chapter XV.—The Training of Character.

No attempt will be made in this chapter to discuss all the sides of school and college education which help in the formation of character, since it is not possible to summarise within a brief space the athletic activities in schools and colleges, the changes in curricula concerned with the teaching of hygiene, civics, first aid, temperance, etc., and the corporate life of educational institutions in the Provinces. But the following paragraphs give a short outline of recent developments connected with University Training Corps, the Boy Scout and Girl Guide movements, Religious and Moral Instruction and the provision of Hostel accommodation:

University Training Corps.—Though the Universities of Bombay and Calcutta raised University Companies in connection with the Indian Defence Force as far back as 1917, the establishment of University Training Corps was not placed on a permanent basis until after the passing of the Indian Territorial Force Act, in 1920, which provided for the creation of provincial territorial infantry battalions and of University Training Corps. Subsequent to the year 1920 University Training Corps were established in most of the provincial and local universities and by the end of 1926 the number and sanctioned strength of these units were as follows:—

University	Unit.	Establishment all ranks
Bombay	1st Bombay Battalion . .	664
Calcutta	2nd Calcutta ,, . .	664
Allahabad . . .	3rd United Provinces Battalion .	664
Lahore	4th Lahore Battalion . .	664
Madras	5th Madras ,, ...	664
Rangoon	6th Burma ,, ...	664
Patna	7th Patna Company . . .	165
Delhi	9th Delhi ,, ...	165

The 3rd United Provinces Battalion included units from the Universities of Allahabad, Lucknow, Agra, Aligarh and Benares. With the exception of the 6th Burma Battalion, the actual strength of the Battalions and Companies has seldom fallen much below the sanctioned strength and between 1921 and 1926 several Universities reported that the number of applicants for admission to the Corps far exceeded the possible number of vacancies. The report of the Auxiliary and Territorial Forces Committee, published in 1925, stated that "by means of the University Training Corps, if properly organised and developed, it is possible to educate and influence over a number of years that large body of young men who should become the leaders of thought and the teachers of the next generation. Their training in the principles and practice of military service will not be limited to themselves, for, when they go out into the world, they will if their military training has been

adequate, take with them the spirit of patriotism, the sense of discipline and the improved physique which will be their legacy from the University Training Corps." It would be out of place here to attempt to show how far these ideals have been realised, but the reports on the work of the various Corps clearly indicate that the Coprs have helped to foster freedom from caste prejudices, a sense of discipline, pride in athletic prowess and physical well-being and the qualities of leadership.

Boy Scouts.—Prior to 1917 the Boy Scout movement had made little headway in Indian schools, though a number of troops existed in European schools The main difficulties in the way of development were the exclusion of Indian troops from the Imperial Boy Scouts Association and lack of adequate finances and qualified supervision. In 1917 the Government of India addressed all local Governments and suggested that while the formation of Boy Scout troops called for no interference by Government, official encouragement should be given to the movement and that troops should be established in Government schools. The visit of the Chief Scout to India in 1920 also gave a great stimulus to the movement and in 1921 the admission of Indian scouts into the Imperial Boy Scouts Association resulted in the amalgamation of a number of separate Associations in the various provinces. By the year 1921 the total number of officers, scouts, rovers and cubs in British India was approximately 20,000. This figure included scouts who were not members of the Imperial Boy Scouts Association; the actual membership of the Association in India and in the Indian States being only 15,000 By the year 1926 the number of officers, scouts, etc., had increased to over 80,000 and the Boy Scouts Associations in all the Provinces, except in Assam, were in receipt of grant-in-aid from provincial funds. Many scout troops have been organised independently of educational institutions and in spite of the large increase in the total number of scouts a very large number of schools are without any scout troops.

In Madras the number of scouts increased from 6,500 in 1921 to over 8,000 in 1926. Up to the year 1922 the organisation of scout troops was supervised by the Assistant Physical Adviser to Government, but subsequently, with the aid of Government funds, the local Association appointed two whole time organising Secretaries. In 1926 the Government were paying a recurring annual grant of Rs. 10,000 to the Association. A special feature of the movement in Madras has been the starting of Sea Scout troops, criminal tribe troops and a troop for leper boys.

In Bombay there was little progress prior to 1919, in which year an officer of the Indian Educational Service was placed on special duty to organise the scout movement. In 1921 this officer and 6 Indians were deputed to England for scout training and in the same year a sum of Rs. 90,000 was collected by public subscription for the Scouts Association. In 1926 there were 417 troops with nearly 11,000 scouts and the Government's annual grant to the Association was Rs. 40,000.

In the United Provinces there were few scout troops, except in European schools, prior to 1919, in which year the Indian Boy Scouts Association and the Seva Samiti Boy Scouts Association were started. In 1922 the Indian Boy Scouts Association was amalgamated with the Imperial Boy Scouts Association and the new Association started with 100 troops and 2,000 scouts. By the year 1926 there were 6,700 scouts in the Boy Scouts Association and over 15,000 scouts in the Seva Samiti Association. In the same year Government was paying a recurring grant of Rs. 12,000 to each Association.

In the Punjab between 1921 and 1926 Scouting developed rapidly under the guidance of a special organising officer and the number of scouts increased from 6,000 to over 12,000. The Association is in receipt of an annual grant of Rs 4,000 from Government funds.

In Bihar and Orissa the number of scouts increased from 221 in 1921 to 9,000 in 1926 and in the latter year Government paid a recurring grant of Rs. 10,000 to the Association.

In the other provinces there was little scout activity prior to 1921, but by the year 1926 there were 3,000 scouts in Bengal, 5,000 in Burma, 5,000 in the Central Provinces and 500 in Assam.

In 1926 the Government grant in Burma was Rs. 4,200 and in the Central Provinces Rs. 14,500.

Girl Guides.—Prior to 1921 there were very few Girl Guides Troops and accurate figures are not available for the total number of Girl Guides in any one year, but in the individual provinces considerable progress has been made since 1920, particularly in schools for Indian girls which previously had not participated in the movement to any extent.

In Madras the number of companies and flocks increased from 65 in 1922 to 137 in 1926 and in the latter year the Government gave an annual recurring grant of Rs. 3,000 to the Association. In the United Provinces in 1926 there were 60 companies and flocks, including some Purdah companies, and in Burma the number of Girl Guides increased from 471 in 1921 to 1,069 in 1926. In the latter province the Association receives an annual grant of Rs. 1,500 from Government. In Bihar and Orissa there were 10 companies with 598 guides in 1926 and in the Central Provinces the number of guides increased from 100 in 1921 to 866 in 1926. In the latter province an annual grant of Rs. 2,500 is made to the Association by Government.

Religious and Moral Instruction.—In India with its variety of races and creeds direct religious instruction in educational institutions has always presented considerable difficulties and in consequence until the year 1921 the attitude of Government was one of strict neutrality as far as publicly managed schools were concerned and of non-interference with regard to privately managed schools. The Government of India was, however, alive to the importance of the problem and their Resolution of 1913 stated that "the Government of India, while bound to maintain a position of complete neutrality in matters of religion, observe

that the most thoughtful minds in India lament the tendency of existing systems of education to develop the intellectual at the expense of the moral and religious faculties. In September 1911 they invited local Governments, other than the Bombay Government, to assemble local committees in order to consider the whole question. Such committees are still at work in some provinces For the present the Government of India must be content to watch experiments and keep the matter prominently in view Enlightened opinion and accumulated experience will, it is hoped, provide a practical solution to what is unquestionably the most important educational problem of the time."

The provincial conferences held during 1911 and subsequent years confined their recommendations almost entirely to the question of moral instruction and no large change in policy resulted from their deliberations. In 1921 the Government of India addressed all local Governments on the question of the introduction of religious instructions into Government schools and stated that " the Government of India, so far as they are concerned, have no intention whatever of receding from their attitude of strict religious neutrality or from the principle that Government schools ought not to be used as a means of fostering any one religion at the expense of others But they are of the opinion that the embargo which hitherto has been placed on the introduction of religious instruction in publicly managed schools may be removed." The Government of India also made it clear, while indicating the conditions under which religious instruction might be permitted in publicly managed schools, that the matter was one in which local Governments might adopt such lines of action as they themselves thought fit. Until the year 1921, therefore, though religious instructions was inparted in many privately managed schools, in denominational schools and in schools for Muhammadans no direct religious instruction, except in rare cases, was permitted in schools under public management.

The steps taken in the various provinces to encourage religious and moral instruction are briefly summarised in the following paragraphs —

Madras.—In both periods under review moral instruction was imparted in all secondary schools in accordance with a departmental syllabus and religious instruction was given in many aided schools and in most Muhammadan institutions. In 1922, the Government after consulting all local bodies, issued orders permitting religious instruction in publicly managed schools on condition that institutions under public management should not foster any one religion at the expense of others, that public funds should not be used for imparting religious instruction, that the majority of the members of a local body must sanction the introduction of religious instruction and that the religious instruction given must take place outside regular school hours.

Bombay.—In 1913 moral instruction was made part of the curriculum in all training institutions and direct moral instruction was imparted with the aid of specially prepared text books in all Government and in

most other secondary schools, but by the year 1922 many schools had ceased to give direct moral instruction.

In 1923 the grant-in-aid rules were amended so as to prohibit grant-in-aid being given to any school which enforced religious instruction against the wishes of the parents of the pupils.

Bengal.—In both periods under review no direct religious or moral instruction was given in any recognised schools except in denominational and Muhammadan schools.

United Provinces.—In 1921 the Educational Code was amended so as to prevent religious instruction being given in any aided institution to any pupil unwilling to receive it and so as to limit the time of religious instruction in aided schools to periods outside regular school hours. In both periods direct moral instruction was given in only a few schools, but moral lessons on temperance and hygiene, etc., were given in all secondary schools.

Punjab.—No special steps have been taken to impart religious or moral instruction in the ordinary schools, but denominational schools for Muhammadans with religous classes attached have been encouraged. The Educational Code in both periods prohibited the giving of religious instruction in Government or Local Board Schools except out of school hours and then only at the express request of the parents or guardians of the pupils and no charge on account of religious instruction could be paid from public funds.

Burma.—In 1917 "morals and civics" was made a compulsory subject in all Anglo-vernacular and vernacular schools, but in 1918 the subject was withdrawn from the curriculum. In 1920 a conscience clause was introduced for all English and Anglo-vernacular schools prohibiting compulsory religious instruction for students unwilling to receive it.

Between 1921 and 1926 the rules provided that religious instruction must be given in all grades of Government institutions when demanded by the parents and in all aided vernacular schools under Buddhist management religious instruction was compulsory.

Bihar and Orissa.—Between 1916 and 1921 direct moral instruction was given in most schools and subsequent to 1922, as the result of the recommendations of an educational conference, religious instruction for a period of at least two hours a week in school hours was made compulsory in all aided non-denominational schools.

Central Provinces and Berar.—In both periods religious instruction was given in sectarian schools and religious instruction out of school hours was permitted in Government and Local Board Schools for such communities as provided for the instruction at their own expense. In aided schools, the managements were prohibited from using any portion of the Government grant-in-aid on religious instruction. No direct moral instruction was given in any school.

Assam.—In both periods religious instruction was practically confined to Mission and Muhammadan schools and no direct moral instruction was given. In all publicly managed schools special facilities for religious instruction for Muhammadan pupils were provided.

Hostels.—The Government of India and the local Governments have continually laid stress on the necessity for providing college and secondary school students with suitable residential accommodation as an essential part of sound education. In their Resolution of 1904 the Government of India stated that "great importance is attached by the Government of India to the provision of hostels or boarding-houses, under proper supervision, in connection with colleges and secondary schools. These institutions protect the students who live in them from the moral dangers of life in large towns; they provide common interests and create a spirit of healthy companionship: and they are in accord not only with the usage of English public schools and colleges but also [illegible] develop until there is adequate residential accommodation attached to every college and secondary school in India". In both the periods under review there was a large expansion of hostel facilities in all the provinces, but the expansion was most rapid between 1916 and 1921 and in the 4 years prior to 1916. In 1912 the total number of recognised hostels was 2,796 and in 1922 it was 4,045. Between the years 1912 and 1917 the Government of India gave special Imperial grants to the provinces for the construction of hostels amounting in all to a total of Rs. 1,32,82,000.

In 1916 there were 139,941 boarders in approved hostels in British India, in 1921, 175,701 boarders and in 1926, 222,977 boarders. The following table shows the distribution of boarders between the various grades of educational institutions in the years 1916 and 1921:—

	1916.	1921.
Arts Colleges	12,198	15,428
Professional Colleges	2,603	4,588
Secondary Schools	84,176	104,459
Primary Schools	23,655	27,512
Special Schools	17,309	23,677

Chapter XVI.—Education in directly administered areas.

North West Frontier Province.—In 1916 there were 42,287 scholars in recognised institutions; in 1921, 45,770 scholars and in 1926, 58,416 scholars. In 1916 the percentage of scholars under instruction to the total population was 1·9; in 1921, 2·1 and in 1926, 2·5. The

corresponding figures for male and female scholars separately were; males:—1916,—3·2, 1921,—3·5, 1926,—4·2; females 1916,—0·3, 1921, —0·4, 1926,—0·6.

Collegiate.—In the years 1916 and 1921 there were 2 Arts Colleges for men and in 1926, 3 Arts Colleges for men. The total enrolment in these colleges was 146 in 1916, 132 in 1921 and 401 in 1926. No women were reading in colleges in either period.

The total expenditure on Arts Colleges rose from Rs. 0·67 lakhs in 1916 to Rs. 0·94 lakhs in 1921 and again to Rs. 1·48 lakhs in 1926.

Secondary.—In 1916 there were 50 secondary schools with an enrolment of 12,808 scholars; in 1921, 80 schools with 16,555 scholars and in 1926, 113 schools with 24,381 scholars. Between 1916 and 1921 the number of schools increased by 60·0 per cent. and the number of scholars by 30·0 per cent. Between 1921 and 1926 the number of schools increased by 41·3 per cent. and the number of scholars by 46·4 per cent. The figures for girls schools separately show that there were 3 schools with 591 scholars in 1916, 4 schools with 825 scholars in 1921 and 15 schools with 2,228 scholars in 1926. The number of girls reading in secondary schools thus increased by 39·6 per cent. between 1916 and 1921 and by 170·1 per cent. between 1921 and 1926.

In 1916 the percentage of trained teachers in secondary schools to the total number of trained teachers was 53·6; in 1921, 57·4 and in 1926, 64·3.

The total expenditure on secondary schools was Rs. 2·67 lakhs in 1916; Rs. 5·39 lakhs in 1921 and Rs. 8·02 lakhs in 1926.

Primary.—In 1916 the total number of primary schools was 624 with an enrolment of 29,246 scholars; in 1921, 692 schools with 28,852 scholars and in 1926, 566 schools with 32,563 scholars. The figures for girls schools separately were:—1916,—40 schools and 2,918 scholars; 1921,—56 schools and 3,516 scholars and 1926,—68 schools and 1,270 scholars. The main reason for the fall in the total number of schools between 1921 and 1926 was the retrenchment in expenditure which took place in the year 1922-23 as the result of which 120 primary schools were closed.

In 1916 the percentage of trained teachers in primary schools to the total number of teachers was 32·0; in 1921, 40·1 and in 1926, 51·3.

In 1916 the total expenditure on primary schools was Rs. 1·90 lakhs; in 1921, Rs. 3·69 lakhs and in 1926, Rs. 3·79 lakhs.

Between 1916 and 1921 educational progress was severely affected by the Great War, the Afghan War, tribal warfare and economic distress. But inspite of these handicaps the number of schools and scholars increased and expenditure expanded. The important features of the period included the appointment of an Inspectress of girls schools, the establishment of a Text Book Committee and the revision of pay of all classes of teachers.

Between 1921 and 1926 progress was hampered by the retrenchment in expenditure which occurred during the first three years of the period and which particularly affected primary schools. The main features of the period included the revision of the educational code and the system of grant-in-aid, the undertaking of a survey of the educational needs of the whole province, the establishment of a Boy Scouts Association, and the complete revision of the curriculum of primary schools.

Baluchistan.—In 1916 there were 3,513 scholars in recognised institutions, in 1921, 3,938 scholars and in 1926, 5,453 scholars. In 1916 the percentage of scholars under instruction to the total population was 0·8; in 1921, 0·9 and in 1926, 1·3. The corresponding figures for male and female scholars seaprately were:—males—1916,—1·2, 1921,—1·4 and 1926,—1·8, females—1916,—0·4, 1921,—0·3 and 1926,—0 5.

There are no colleges in Baluchistan.

Secondary.—In 1916 there were 9 secondary schools with an enrolment of 1,661 scholars, in 1921, 10 schools with 1,929 scholars and in 1926, 18 schools with 3,326 scholars Between 1921 and 1926 the number of secondary schools for girls rose from 2 to 6 and the number of girls reading in secondary schools increased from 210 to 701. The figures indicate a rapidly increasing demand for secondary education and in 1926 it was reported that a large number of students had to be refused admission into secondary schools for boys owing to want of accommodation

In 1921 the percentage of trained teachers to the total number of teachers was 70·2 and in 1926 it was 56·2.

In 1916 the total expenditure on secondary schools was Rs. 0·56 lakhs; in 1921, Rs 1·02 lakhs and in 1926, Rs. 2·36 lakhs

Primary.—In 1916 there were 62 primary schools with an enrolment of 1,842 scholars; in 1921, 71 schools with 3,218 scholars and in 1926, 71 schools with 2,118 scholars. The fall in the number of scholars reading in primary schools between 1921 and 1926 was mainly due to the conversion of a few primary schools into secondary schools. Similarly the fall in the number of girls schools from 4 with 575 pupils in 1921 to 3 with 189 pupils in 1926 was mainly due to the conversion of a primary schools into a secondary school; the total number of girls at school being 890 in 1926, against 785 in 1921. In 1921 the percentage of trained teachers to the total number of teachers was 56·2 and in 1926 it was 75·0. In 1916 the total expenditure on primary schools was Rs. 0 38 lakhs; in 1921, Rs. 0 59 lakhs and in 1926, Rs. 0·65 lakhs.

In 1916 the Headmaster of the Sandeman High School, Quetta, was in charge of education throughout the Agency, but in 1921 a separate post of Superintendent of Education in Baluchistan was created. In 1921 the pay of all grades of teachers was revised and improved and in

1922 a Boy Scouts Organisation was established which developed satisfactorily until by the year 1926 there was a total of over 300 scouts.

Ajmer-Merwara.—In 1916 there were 9,754 scholars reading in recognised institutions; in 1921, 10,063 scholars and in 1926, 12,026 scholars. In 1916 the percentage of scholars under instruction to the total population was 1·9; in 1921, 2·0 and in 1926, 2·4. The corresponding figures for male and female scholars separately were:—Males —1916,—3·4, 1921,—3·3 and 1926,—3·8; females—1916,—0·3, 1921, —0·4 and 1926—0·7.

Collegiate.—In both periods there was one Arts College for men, with 131 students in 1916, 87 students in 1921 and 131 students in 1926. The total expenditure on colleges in 1916 was Rs. 0·33 lakhs; in 1921, Rs. 0·45 lakhs and in 1926, Rs. 0·74 lakhs.

Secondary.—In 1916 there were 30 secondary schools with an enrolment of 4,348 scholars; in 1921, 32 schools with 3,321 scholars and in 1926, 33 schools with 4,484 scholars. Between 1921 and 1926 the number of secondary schools for girls rose from 6 with 545 scholars to 7 with 977 scholars. In 1921 the percentage of trained teachers to the total number of teachers was 37·8 and in 1926 it was 41·1.

In 1916 the total expenditure on secondary schools was Rs. 1·42 lakhs; in 1921, Rs. 1·93 lakhs and in 1926, Rs. 3·14 lakhs.

Primary.—In 1916 there were 94 primary schools with an enrolment of 4,019 scholars; in 1921, 144 schools with 6,483 scholars and in 1926, 158 schools with 7,249 scholars. The figures for girls separately were 1916,—8 schools with 351 scholars; 1921,—11 schools with 532 scholars and 1926,—12 schools with 652 scholars. In 1921 the percentage of trained teachers to the total number of teachers was 37·7 and in 1926 it was 60·7.

The total expenditure on primary schools was Rs. 0·41 in 1916; Rs. 0·67 in 1921 and Rs. 1·22 in 1926.

Between 1921 and 1926 Boy Scouts and Girl Guides Associations were established. The post of Superintendent of Education for Ajmer-Merwara and Delhi was abolished and the work transferred to the Educational Commissioner with the Government of India. A post of Assistant Superintendent for Education was created and the pay of the staff of the Government College, Ajmer, was revised.

Delhi.—In 1916 there were 10,620 scholars reading in recognised institutions, in 1921, 13,461 and in 1926, 21,906. The percentage of scholars under instruction to the total population was 2·6 in 1916, 3·2 in 1921 and 4·5 in 1926. The corresponding figures for male and female scholars separately were:—males—1916, 3·8, 1921,—4·9 and 1926,—6·6; females—1916,—1·0, 1921,—1·2 and 1926,—1·6.

Collegiate.—In 1916 there were 2 colleges with an enrolment of 309 scholars; in 1921, 3 colleges with an enrolment of 559 scholars and in 1926, 6 colleges with an enrolment of 1,112 scholars. The latter figure

included one college for women with 44 scholars. In 1916 the total expenditure on colleges was Rs. 0 67 lakhs, in 1921, Rs. 1·30 lakhs and in 1926, Rs. 3·01 lakhs.

Secondary.—In 1916 there were 17 secondary schools with an enrolment of 3,848 scholars; in 1921, 42 secondary schools with 6,752 scholars and in 1926, 47 schools with 10,518 scholars. The figures for girls schools separately were:—1916, 7 schools with 1,225 scholars, 1921, 8 schools with 1,015 scholars and 1926, 10 schools with 1,774 scholars.

In 1916 the percentage of trained teachers to the total number of teachers was 55 1; in 1921, 66·6 and in 1926, 75 0.

In 1916 the total expenditure on secondary schools was Rs. 1·47 lakhs; in 1921, Rs. 3·12 lakhs and in 1926, Rs. 4·54 lakhs.

Primary.—In 1916 there were 100 primary schools with an enrolment of 6,066 scholars; in 1921, 146 schools with 5,446 scholars and in 1926, 158 schools with 9,233 scholars. The figures for girls schools separately were:—1916, 13 schools with 701 scholars; 1921, 22 schools with 1,012 scholars and 1926, 25 schools with 1,432 scholars.

In 1916 the percentage of trained teachers to the total number of teachers was 52·1; in 1921, 60 4 and in 1926, 58·9.

In 1916 the total expenditure on primary schools was Rs. 0·77 lakhs, in 1921, Rs. 0 98 lakhs and in 1926, Rs. 1·74 lakhs.

Until April 1921 education in Delhi remained under the administrative control of the Director of Public Instruction, Punjab, but in 1921 a Superintendent of Education was appointed for Delhi and Ajmer-Merwara. In May 1922 the Delhi University was founded and the three local Arts Colleges ceased to be affiliated to the Punjab University; the Lady Hardinge Medical College, however, remained under the Punjab University. In 1926 compulsion for boys only was introduced in 2 wards of the Delhi Municipality. In 1926 also a Board of Secondary Education was established which took over the control of the High School and School Leaving Certificate examinations.

Bangalore.—In 1916 there were 10,374 scholars in recognised institutions; in 1921, 11,687 and in 1926, 13,625. In 1916 the percentage of scholars to the total population was 10·3; in 1921, 9·9 and in 1926, 11·4. The figures for male and female scholars respectively were:—Males—1916,—12·3; 1921,—12·3 and 1926,—12·8. Females—1916,—7·5; 1921,—7·2 and 1926,—8·7.

Collegiate.—In both periods there were 2 colleges one for men and one for women. In 1916 the total number of scholars was 743, including 292 women; in 1921, 787 scholars, including 328 women and in 1926, 425 scholars including 310 women.

The total expenditure in colleges was Rs. 0·61 lakhs in 1916; Rs. 0·79 lakhs in 1921 and Rs. 0·51 lakhs in 1926.

Secondary.—In 1916 there were 21 secondary schools with an enrolment of 4,102 scholars; in 1921, 20 schools with 4,047 scholars and in

1926, 21 schools with 4,949 scholars. In 1921 the percentage of trained eachers to the total number of teachers was 69·7 and in 1926 it was 67·3.

The total expenditure on secondary schools was Rs. 1·88 lakhs in 1916; Rs. 3·98 lakhs in 1921 and Rs. 3·11 lakhs in 1926.

Primary.—In 1916 there were 58 primary schools with 5,319 scholars; in 1921, 83 schools with 6,715 scholars and in 1926, 73 schools with 7,295 scholars. In 1921 the percentage of trained teachers to the total number of teachers was 69·7 and in 1926 it was 75·6.

The total expenditure on primary schools was Rs. 0·69 lakhs in 1916; Rs. 1·10 lakhs in 1921 and Rs. 1·31 lakhs in 1926.

Out of a total of 102 educational institutions in Bangalore in 1926, 22 were institutions for Europeans and Anglo-Indians, including 2 Arts *Colleges, 11 secondary schools and 7 primary schools. With effect from* April 1923 Bangalore was removed from the jurisdiction of the Madras Educational Department and the Inspector of Schools, Coorg and Bangaore, came directly under the Resident of Bangalore and the Government of India.

Coorg.—In 1916 there were 7,679 scholars reading in recognised institutions; in 1921, 8,347 scholars and in 1926, 8,841 scholars. In 1916 the percentage of scholars to the total population was 4·4; in 1921, 4·8 and in 1926, 5·4. The figures for male and female scholars separately were:—males—1916,—5·1; 1921,—6·1; and 1926—6·6; females—1916,—3·0; 1921,—3·0 and 1926,—3·9. There were no colleges in Coorg in either period.

Secondary.—In both periods there were 3 secondary schools, 2 for boys and 1 for girls. In 1916 the total number of scholars was 587 including 100 girls—in 1921, 820 scholars, including 152 girls and in 1926, 1,015 scholars, including 233 girls.

In 1916 the percentage of trained teachers to the total number of teachers was 71·4; in 1921, 83·9 and in 1926, 80·8.

The total expenditure on secondary schools was Rs. 0·33 lakhs in 1916; Rs. 0·36 lakhs in 1921 and Rs. 0·57 lakhs in 1926.

Primary.—In 1916 there were 98 primary schools with an enrolment of 7,056 scholars; in 1921, 109 schools with 7,491 scholars and in 1926, 108 schools with 7,786 scholars.

In 1916 the percentage of trained teachers to the total number of teachers was 67·4; in 1921, 76·7 and in 1926, 78·1.

In 1916 the total expenditure on primary schools was Rs. 0·50 lakhs; in 1921, Rs. 0·64 lakhs and in 1926, Rs. 0·96 lakhs.

Coorg has been included in this chapter as a directly administered area but in January 1924 the Governor General in Council extended to Coorg the provisions of the Government of India Act relating to Legislative Councils of Lieutenant Governors and a local legislature was constituted for Coorg. Since 1924, therefore, the control of education

has vested in the Chief Commissioner of Coorg with the Inspector of Schools, Coorg and Bangalore, as head of the Education Department.

Chapter XVII —Education in the Central Legislature.

Legislation.—Between 1921 and 1926 the following Bills were passed into Law :—The Delhi University Bill, the Calcutta University Bill and the Benares Hindu University Amendment Bill.

The Bill to establish a Unitary University at Delhi was a Government measure and was introduced in the Legislative Assembly in January 1922. Few amendments were made in the Bill as passed by the joint-select committee and the Bill was finally passed by both houses in February 1922.

The Calcutta University Bill was introduced as a Government measure in the Legislative Assembly in March 1921 and was passed by both houses almost without discussion. The Bill transferred the control of the University from the Government of India to the Government of Bengal and made the Governor of Bengal the Chancellor of the University. The Benares Hindu University Amendment Bill was introduced as a Government measure in the Council of State in January 1922 and was passed, almost without discussion, by both houses in February 1922. The original University Act provided that no mon-Hindu could be a member of the Court of the University, save in the case of the first Court. The amending Bill threw open membership of the Court permanently to non-Hindus.

Three Bills dealing with Medical Education were introduced by non-official members, but were not proceeded with. The first, a Bill to amend the Indian Medical Degrees Act of 1916, was introduced in the Legislative Assembly in February 1925. Its object was to empower provincial legislative councils to add to the list of institutions authorised to grant medical degrees, diplomas and certificates. In February 1926 the Bill was withdrawn owing to non-official opposition. In February 1926 a non-official Bill called the Indian Medical Education Bill was introduced in [illegible] object of the Bill was to regulate Medi- [illegible] an All-India Medical Council and by [illegible] a recognised qualification in indigenous (Unani and Ayurvedic) methods of medical treatment. The Bill was not, however, proceeded with. In the same month a non-official bill on similar lines was introduced in the Council of State. This Bill, after having been circulated for opinion, was also dropped.

Resolutions.—In February 1921 a resolution was moved in the Legislative Assembly recommending to the Governor-General in Council that at least one model high school for girls, with a suitable boarding house attached, be started in each province, that a definite portion of the Education budget (say ¼) be allotted and spent on the education

of girls and that a special Imperial grant-in-aid be sanctioned for the object. The resolution was supported by many non-official members, but was opposed by one Honourable Member on the ground that he objected to western education being given to Indian girls. The Government opposed the resolution since it was concerned with a transferred subject under the control of ministers in the Provinces and since there were already 103 high schools for girls in India.

The resolution was negatived.

In February 1922 a resolution was moved in the Legislative Assembly recommending to the Governor-General in Council that Rs. 6 lakhs each year be spent from Central Revenues on the training of Indians and Anglo-Indians abroad in technical subjects including shipbuilding, wireless telegraphy, gunnery, industrial chemistry, mining, geological surveying, cottage industries, fruit-canning and milk-products. An amendment was moved to the effect that the services of the men so trained should be utilized by Government whenever possible and, after the Government had explained that scholarships for technical study were already being given in the provinces and that the resolution as worded was not acceptable owing to the inclusion of subjects which were primarily the concern of the Local Governments, the motion as amended was adopted.

In the same month a resolution was moved recommending to the Governor-General in Council that a committee of professional experts be appointed to enquire into the training that is obtained in the various Medical and Surgical institutions in India with a view to bringing the Indian Institutions in all respects on a level with those of the United Kingdom and thereby [illegible] its entire medical serv[illegible] ment on the main gro[illegible] were under the control of provincial Governments and, after an amendment dealing with the composition of the Committee to be appointed had been defeated, the resolution was negatived.

In January 1921 a resolution was moved in the Legislative Assembly recommending to the Governor-General in Council that twenty-five scholarships, each tenable for five years, at about Rs. 4,000 per head per annum, be given year after year as funds are available from the Imperial revenues to Indians of great promise specially for research work in any part of the world and in any branch of knowledge approved by the Central Legislature. After the Government had explained the extent to which support was being given to research students abroad and the financial difficulties involved in the proposal the motion was adopted.

In February 1921 a resolution was moved in the Council of State recommending to the Governor-General in Council to recommend to every Provincial Government the desirability of (a) having an Ayurvedic and Tibbi Medical College in their provinces, (b) taking measures to develop Indian drugs and (c) appointing Vaidyas and Hakims in

every dispensary to treat patients by indigenous methods as far as possible The motion was opposed by Government on the ground that it was a matter for the Provincial Legislatures to deal with and not one in which the Government of India could dictate to the local Governments.

The resolution was rejected.

In the same month a resolution was moved in the Council of State recommending to the Governor-General in Council to take early steps to introduce legislation in order to place the Universities of India on a more democratic basis. The mover of the motion desired that the authorities of the various Universities in the Provinces should contain fewer nominated members and that the Central Government should introduce legislation to that end. After the Education Member had replied, explaining what steps had been taken to increase elected representation in the Provincial Universities and suggesting that legislation of the nature demanded must initiate with the local Governments, the resolution was by leave withdrawn.

In September 1921 a resolution was moved in the Council of State recommending to the Governor-General in Council that he may be pleased to forward to all Provincial Governments the recommendations of the Council that they should take necessary steps for introducing religious and moral education in all aided and Government schools and colleges. After the Education Member had explained that a circular letter on the subject of religious and moral instruction had already been issued to all local Governments the resolution was by leave withdrawn.

In the same month a resolution was moved in the Council of State recommending to the Governor-General in Council to request the Secretary of State for India to apply to the Trustees of the "Cecil Rhodes Scholarships Settlement" to transfer to Indian students the scholarships reserved under the settlement for German students which have been discontinued since the war and further, that in the event of such transfer not being possible for any reason, to apply to the Trustees, and if necessary to the Executor to create new scholarships for the benefit of Indian students. The resolution, which was accepted by Government, was adopted.

QUESTIONS.—Education being a transferred provincial subject the questions on education in the Central Legialature were mainly confined to the Universities in receipt of grants from Imperial funds and to developments in the areas directly administered by the Government of India.

In the Legislative Assembly the questions asked between 1921 and 1926 were concerned with the following subjects:—the reorganisation of the Calcutta University, the establishment of the Patna, Rangoon and Agra Universities, the grants paid to the Aligarh, Delhi and Benares

of girls and that a special Imperial grant-in-aid be sanctioned for the object. The resolution was supported by many non-official members, but was opposed by one Honourable Member on the ground that he objected to western education being given to Indian girls. The Government opposed the resolution since it was concerned with a transferred subject under the control of ministers in the Provinces and since there were already 103 high schools for girls in India.

The resolution was negatived.

In February 1922 a resolution was moved in the Legislative Assembly recommending to the Governor-General in Council that Rs. 6 lakhs each year be spent from Central Revenues on the training of Indians and Anglo-Indians abroad in technical subjects including shipbuilding, wireless telegraphy, gunnery, industrial chemistry, mining, geological surveying, cottage industries, fruit-canning and milk-products. An amendment was moved to the effect that the services of the men so trained should be utilized by Government whenever possible and, after the Government had explained that scholarships for technical study were already being given in the provinces and that the resolution as worded was not acceptable owing to the inclusion of subjects which were primarily the concern of the Local Governments, the motion as amended was adopted.

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In January 1924 a resolution was moved in the Legislative Assembly recommending to the Governor-General in Council that twenty-five scholarships, each tenable for five years, at about Rs. 4,000 per head per annum, be given year after year as funds are available from the Imperial revenues to Indians of great promise specially for research work in any part of the world and in any branch of knowledge approved by the Central Legislature. After the Government had explained the extent to which support was being given to research students abroad and the financial difficulties involved in the proposal the motion was adopted.

In February 1921 a resolution was moved in the Council of State recommending to the Governor-General in Council to recommend to every Provincial Government the desirability of (a) having an Ayurvedic and Tibbi Medical College in their provinces, (b) taking measures to develop Indian drugs and (c) appointing Vaidyas and Hakims in

TABLE No. 1.

All-India Statistics (Institutions and Scholars).

	Number of Institutions			Percentage increase or decrease of Institutions between		Number of Scholars.			Percentage increase or decrease of scholars between		Expenditure (Direct only)			Percentage increase or decrease of Expenditure between	
	1916	1921.	1926.	1916 and 1921.	1921 and 1926	1916.	1921.	1926.	1916 and 1921	1921 and 1926	1916	1921	1926	1916 and 1921	1921 and 1926.
											Rs. (lakhs)	Rs. (lakhs)	Rs (lakhs)		
Arts Colleges .	147	160	215	+8 8	+34 4	45,818	48,170	63,583	+5 1	+32 0	66 97	100 32	119 87	+49 8	+19 5
Professional Colleges	57	72	80	+30 8	+10 3	9,671	13,154	17,378	+36 0	+32 1	31·51	50 64	69 94	+60 7	+38 1
Secondary Schools.	7,272	8,923	10,837	+22·7	+21 5	1,128,403	1,254,497	1,716,147	+11 2	+36 8	296 19	449 33	631 11	+51 7	+40 5
Primary Schools.	138,089	169,363	183,164	+15·4	+14 9	5,638,244	6,328,031	7,790,076	+12 2	+23 2	281 29	453 73	635·58	+61 3	+40 1
Special Schools	5,641	4,051	8,806	—28 2	+117 4	161,072	131,171	289,891	—18 6	+121 0	71 47	115 20	159·74	+61 2	+38 7
Grand Total .	151,206	172,569	203,102	+14 1	+17 7	6,983,209	7,775,023	(a) 9,892,703	+11 3	+27 2	11,08 29*	16,77 37*	22,77 03*	+51·4	+35 8

* Includes indirect expenditure also.
(a) This figure includes also 6,623 scholars reading in Universities.

TABLE No. 2.

Expenditure by Sources. (All-India.)

[In thousands of Rupees.]

	Government Funds.			Board Funds.			Fees.			Other sources			Total		
	1916.	1921.	1926.	1916.	1921.	1926	1916	1921.	1926.	1916.	1921.	1926	1916.	1921.	1926.
Indirect—															
Universities .	13,31	18,12	46,58	..	..	..	13,06	24,75	39,43	7,52	19,75	9,40	33,89	57,62	95,41
Direction and Inspection.	56,45	79,58	93,00	1,83	2,43	2,65	..	..	..	1	3	1	58,29	82,04	05,66
Buildings, etc. .	68,67	1,15,51	1,24,55	45,84	36,66	48,52	1,85	3,65	6,58	33,54	53,19	72,86	1,50,10	2,09,01	2,52,51
Miscellaneous .	30,54	48,18	70,67	8,24	11,68	25,53	45,81	50,44	58,90	34,99	51,19	63,00	1,18,58	1,59,49	2,18,10
Total Indirect .	1,69,17	2,54,29	3,34,80	55,91	50,77	76,70	60,72	78,84	1,04,91	75,06	1,24,16	1,45,27	3,60,86	5,08,16	6,61,68
Direct—															
Arts Colleges .	26,18	42,39	49,34	85	51	72	29,57	38,71	53,83	10,37	18,71	15,98	66,98	1,00,32	1,19,87
Professional Colleges.	22,47	37,35	52,09	4	3	92	7,35	11,96	18,46	1,65	1,29	3,48	31,51	50,63	69,95
Secondary Schools	66,01	1,33,76	2,19,26	27,82	35,85	51,97	1,55,19	1,95,26	2,54,26	47,17	79,46	1,05,62	2,96,19	4,49,33	6,31,11
Primary Schools.	66,14	2,16,86	3,24,97	1,34,95	1,39,03	1,89,54	45,48	47,45	73,36	34,72	50,39	67,71	2,81,29	4,53,73	6,35,58
Special Schools .	44,93	83,02	1,08,12	7,22	7,65	6,54	5,19	6,23	12,63	14,18	18,30	32,25	71,47	1,15,20	1,50,74
Total Direct .	2,25,73	5,18,38	7,53,78	1,70,68	1,83,07	2,49,69	2,42,78	2,99,61	3,87,76	1,08,04	1,68,15	2,25,02	7,47,43	11,69,21	16,16,25
Grand Total .	3,94,90	7,72,77	10,88,58	2,26,79	2,33,84	3,26,39	3,03,50	3,78,45	4,92,67	1,83,10	2,92,31	3,70,29	11,08,29	16,77,37	27,77,93

TABLE No. 3.

Expenditure by Provinces.

[In lakhs of rupees.]

Provinces.	On Education (Direct and Indirect.)			On Arts and Professional Colleges.			On Secondary Education.			On Primary Education.			On Special Education.		
	1916.	1921.	1926.	1916	1921.	1926.	1916	1921.	1926.	1916.	1921	1926	1916	1921.	1926.
Madras	206 52	310 09	416 20	18 62	28 59	33 32	44 24	68 37	87 33	65 77	105 88	150 91	14 66	30 96	40·56
Bombay	154 11	263 43	376 45	12 59	20 77	29 97	34 58	49 28	70 47	63 46	127 21	181 02	12 15	20·75	20·95
Bengal	256 78	309 22	376 94	25 91	40 94	54 52	80 14	104 87	121 06	43 03	51 56	62 33	14 82	16 61	29 64
United Provinces . .	139 19	241 59	313 54	18 08	25 53	32 70	38 67	55 42	89·23	27 01	51 45	80 83	8 25	16 68	17 22
Punjab	112 17	184 06	256 22	10·56	16 50	26 09	30 94	59 84	99 28	18 86	29 85	39 84	4·91	8 02	11 57
Burma	65 14	93 50	167·19	2 04	3 12	1·44	28 30	41 18	60 38	10 70	11 65	14 31	2 98	3 19	12 81
Bihar and Orissa . .	84 56	114 11	153 82	4 62	7 00	12 08	16 25	23 28	20 48	20 20	34 60	53 05	9 80	10 81	14 48
Central Provinces and Berar	47 86	77 91	102 72	3 11	5 76	6 83	11 63	21 57	25 61	15 95	25 39	30 33	2 37	5 89	5 48
Assam	26 88	32 71	40 54	1 57	2 59	3 21	8 88	9 85	12 22	7·15	8 27	11·12	1·08	1 57	1·67

TABLE No. 4.

Arts Colleges. (Institutions and Scholars.)

[In thousand of rupees.]

Provinces.	Number of Institutions.			Percentage increase or decrease of Institutions between		Number of Scholars.			Percentage increase or decrease of scholars between	
	1916.	1921.	1926.	1916 and 1921	1921 and 1926.	1916.	1921.	1926.	1916 and 1921.	1921 and 1920.
Madras	40	50	63	+25·0	+26·0	8,543	7,840	11,559	—8·2	+58·9
Bombay	7	11	14	+57·1	+27·3	4,702	5,021	7,383	+6·8	+47·0
Bengal	32	36	44	+12·5	+22·2	17,226	19,768	25,021	+14·9	+26·4
United Provinces . . .	39	20	42	—48·7	+110·6	6,265	5,467	9,207	—12·7	+68·4
Punjab	10	17	24	+70·0	+41·2	3,893	4,209	7,467	+10·4	+73·7
Burma	2	2	2	..	..	645	331	1,063	—48·7	+218·1
Bihar and Orissa . . .	7	10	11	+42·9	+10·0	2,415	2,272	3,219	—5·9	+41·2
Central Provinces and Berar .	4	4	6	..	+50·0	1,081	744	1,383	—31·2	+85·9
Assam	2	2	3	..	+50·0	593	846	1,144	+42·7	+35·2

TABLE No. 5.

Expenditure on Arts Colleges.

[In thousands of rupees]

Provinces.	Government Funds			Board Funds.			Fees			All other sources			Total		
	1916.	1921.	1926.	1916.	1921.	1926.	1916	1921	1926	1916	1921	1926.	1916	1921	1926
Madras	3,61	5,23	6,08	43	1	2	7,59	7,84	11,10	10,50	3,70	4,82	13,13	16,78	22,92
Bombay	2,67	4,70	5,65	19	19	20	3,52	4,84	9,35	82	2,33	3,05	7,20	12,03	18,25
Bengal	6,95	10,19	13,54	..	8	8	9,08	13,03	18,19	1,76	2,00	2,22	17,79	26,02	34,03
United Provinces . .	4,21	6,50	3,00	21	18	17	3,60	4,39	2,12	3,95	5,45	95	11,97	16,52	6,24
Punjab	2,38	3,62	5,02	1	2	2	2,42	3,09	6,87	96	2,03	3,25	5,75	9,36	15,16
Burma	1,04	1,38	60	..	..	..	59	51	3	41	1,23	..	2,04	3,12	63
Bihar and Orissa . .	2,35	4,08	6,27	..	..	..	1,39	1,75	2,43	25	30	27	3,99	6,13	8,97
Central Provinces . .	1,21	2,84	3,19	..	..	..	72	71	1,09	39	27	38	2,32	3,82	4,66
Assam	1,14	1,94	2,27	..	..	..	29	51	78	..	..	..	1,43	2,45	3,05

TABLE No, 6.

Secondary Schools (Institutions and Scholars).

Provinces.	Number of Institutions.			Percentage increase or decrease of Institutions between		Number of Scholars.			Percentage increase or decrease of scholars between	
	1916.	1921.	1926.	1916 and 1921.	1921 and 1926.	1916.	1921.	1926.	1916 and 1921.	1921 and 1926.
Madras	440	585	637	+33·0	+8·9	143,859	169,634	178,521	+18·0	+4·9
Bombay	463	475	496	+2·2	+4·4	68,149	76,252	93,569	+11·9	+22·7
Bengal	2,589	2,741	2,781	+5·9	+1·5	387,494	360,060	392,540	—7·1	+9·0
United Provinces . . .	726	952	1,024	+31·1	+7·6	109,291	110,686	141,931	+1·3	+28·2
Punjab	484	1,075	2,335	+122·1	+117·2	117,662	203,591	440,655	+73·0	+116·4
Burma	1,331	1,440	1,674	+8·2	+16·3	122,894	129,909	188,169	+5·6	+45·0
Bihar and Orissa . . .	466	564	675	+21·0	+19·7	68,278	62,356	90,694	—8·7	+45·1
Central Provinces and Berar .	439	569	573	+29·6	+0·7	56,371	68,525	86,285	+21·5	+26·0
Assam	263	335	365	+27·4	+9·0	37,163	40,088	46,940	+7·9	+17·1

TABLE No. 7.

Expenditure on Secondary Education.

(In thousands of rupees.)

Provinces	Government Funds.			Board Funds.			Fees.			All other sources			Total		
	1916	1921.	1926.	1916.	1921.	1926	1916	1921	1926	1916	1921	1926	1916	1921	1926
Madras	6,79	15,62	23,26	1,07	2,22	4,94	27,42	37,28	42,67	8,96	13,25	16,46	44,24	68,37	87,33
Bombay	9,33	17,03	22,12	81	1,15	2,13	15,87	18,57	32,45	8,57	12,53	13,77	34,58	49,29	70,47
Bengal	12,51	17,00	24,04	2,55	3,07	3,66	53,76	67,72	72,53	11,32	16,48	20,53	80,14	1,04,87	1,21,06
United Provinces . .	11,12	22,50	44,51	4,78	5,66	5,46	15,27	16,95	23,28	7,50	10,31	15,98	38,67	55,42	89,23
Punjab	6,75	20,08	42,88	5,70	9,28	12,40	14,31	20,45	33,14	4,28	10,03	10,86	30,94	59,84	99,28
Burma	9,09	16,32	23,02	5,99	6,55	12,05	11,76	13,13	20,35	1,55	5,18	13,96	28,39	41,18	69,38
Bihar and Orissa . .	3,54	7,61	9,32	1,52	1,62	3,56	8,77	9,84	12,58	2,42	4,21	4,02	16,25	23,28	29,48
Central Provinces . .	3,31	11,25	12,59	3,83	4,18	4,31	3,27	3,90	6,30	1,22	2,24	2,41	11,63	21,57	25,61
Assam	2,09	3,97	5,75	80	86	1,17	3,33	3,95	4,14	67	1,07	1,16	6,88	9,85	12,22

TABLE No. 8.

Primary Schools (Institutions and Scholars).

Provinces.	Number of Institutions.			Percentage increase or decrease between		Number of Scholars.			Percentage increase or decrease between	
	1916	1921.	1926.	1916 and 1921.	1921 and 1926.	1916.	1921.	1926.	1916 and 1921.	1921 and 1926.
Madras	29,785	34,906	46,683	+17·2	+34·3	1,328,938	1,404,121	2,050,960	+12·4	+37·3
Bombay	10,890	13,018	13,448	+19·5	+3·3	670,141	807,036	913,169	+20·4	+13·1
Bengal	40,410	47,772	50,923	+18·2	+6·6	1,327,424	1,456,865	1,650,555	+9·7	+13·3
United Provinces	11,540	16,368	19,797	+41·8	+21·0	628,542	849,356	1,051,620	+35·0	+23·9
Punjab	5,679	6,386	6,876	+12·4	+7·7	275,353	286,866	433,308	+4·0	+51·4
Burma	7,347	5,752	4,121	—21·4	—28·4	247,330	215,237	207,247	—13·0	—4·2
Bihar and Orissa	23,402	25,249	30,676	+7·9	+21·5	643,127	706,746	930,394	+10·0	+31·6
Central Provinces and Berar .	4,022	4,251	4,423	+5·7	+4·0	288,691	276,983	277,972	—4·1	+0·3
Assam	4,192	4,407	4,674	+5·1	+6·1	186,342	179,754	207,686	—3·5	+10·5

TABLE No. 9.

Expenditure on Primary Education.

(In thousands of rupees.)

Provinces	Government Funds.			Board Funds.			Fees.			All other sources			Total		
	1916.	1921.	1926	1916	1921.	1926.	1916.	1921.	1926.	1916	1921.	1926	1916	1921.	1926
Madras	20,18	51,44	79,10	26,47	28,23	36,90	7,57	8,30	8,30	11,56	17,00	26,54	65,77	105,84	150,91
Bombay	33,48	77,79	114,84	17,96	32,70	40,63	4,84	5,05	5,08	7,18	11,68	13,57	63,46	127 21	181 02
Bengal	3,77	18,05	20,69	16,46	9,29	11,13	18,33	18,60	22,77	4,47	5,54	7,74	43,03	51,56	62 33
United Provinces . .	52	25,70	54,69	22,00	21,26	21,53	2,23	2,77	2,41	1,36	1,72	2,20	27,01	51,45	80 83
Punjab	33	14,88	24,75	15,82	11,87	11,54	1,30	99	97	1,41	2,10	2,57	18,86	29 85	39,84
Burma	2,35	97	95	4,44	7,75	11,65	2,04	1,55	96	1,87	1,38	75	10,70	11,65	14,31
Bihar and Orissa . .	2,91	1,82	1,55	10,35	17,41	32,77	8,59	9,17	10,23	4,34	6,18	8,51	26,20	34,59	53,05
Central Provinces . .	1,68	16,57	15,27	12,59	6,40	11,75	38	71	1,25	1,30	1,71	2,06	15,95	25,39	30,33
Assam	68	4,73	6,78	5,00	2,57	2,08	..	..	..	88	96	1,65	7,15	8,27	11,12

TABLE No. 10.

Female Education (Institutions and Scholars).

Provinces.	Number of Institutions.			Percentage increase (+) or decrease (—) in number of institutions between		Number of Scholars.			Percentage increase (+) or Decrease (—) in number of scholars between	
	1916.	1921.	1926.	1916 and 1921.	1921 and 1926.	1916.	1921.	1926	1916 and 1921.	1921 and 1920.
Madras	1,734	2,556	3,416	+47·4	+33·6	293,617	358,402	686,662	+ ·1	+35·8
Bombay	1,198	1,630	1,634	+36·1	+ 02	134,833	180,001	198,114	+34·0	+9·7
Bengal	8,953	12,249	13,055	+36·8	+13·0	273,850	345,044	388,629	+26·0	+12·6
United Provinces . . .	1,187	1,454	1,803	+22·5	+24·0	58,902	90,959	110,943	+54·4	+22·0
Punjab	1,010	1,136	1,201	+12·5	+13·6	52,278	62,244	77,612	+19·1	+24·7
Burma	1,000	900	907	—10·0	+0·8	113,301	116,329	149,867	+2·7	+28·8
Bihar and Orissa . . .	2,790	2,695	3,022	—3·4	+12·1	114,674	110,7	116,073	—3·4	+4·8
Central Provinces . . .	353	387	398	+4·9	+1·8	35,394	39,874	38,689	+12·7	—3·0
Assam	359	397	437	+10·6	+10·1	27,321	28,009	33,184	+2·5	+18·5

TABLE No. 11.

Percentage of Scholars to total population. Recognised Institutions only.

	1916	1917	1918	1919	1920.	1921	1922	1923	1924	1925.	1926
Madras—											
Males . .	5·9	6·0	6·1	6·1	6·3	6·5	6·6	6·9	7·5	8·0	8·4
Females .	1·4	1·4	1·4	1·6	1·7	1·7	1·7	1·8	1·9	2·1	2·3
Total .	3·6	3·6	3·8	3·8	3·9	4·1	4·1	4·4	4·6	5·0	5·3
Bombay—											
Males .	6·0	5·9	5·9	6·3	6·7	7·1	7·1	7·2	7·5	7·6	8·3
Females . .	1·4	1·4	1·5	1·7	1·8	2·0	1·9	1·9	1·9	2·0	2·1
Total	3·8	3·7	3·8	4·1	4·3	4·7	4·6	4·7	4·9	5·0	5·4
Bengal—											
Males . .	6·4	6·7	6·8	6·6	6·7	6·6	6·2	6·5	6·8	7·2	7·4
Females .	1·3	1·3	1·4	1·4	1·4	1·6	1·5	1·6	1·6	1·6	1·7
Total .	3·9	4·1	4·2	4·1	4·1	4·1	3·9	4·1	4·3	4·5	4·6
United Provinces—											
Males	2·8	3·0	3·1	3·2	3·5	3·7	3·7	3·9	4·1	4·3	4·6
Females .	2	3	3	·3	4	·4	·4	·4	·5	5	5
Total .	1·6	1·7	1·8	1·8	2·0	2·2	2·1	2·2	2·4	2·5	2·5
Punjab—											
Males . .	3·3	3·4	3·4	3·5	3·7	3·9	4·3	5·5	6·1	6·8	7·9
Females . .	·6	·6	6	6	·7	·7	7	·7	·7	7	8
Total .	2·0	2·1	2·1	2·2	2·4	2·4	2·7	3·2	3·3	3·8	4·8
Burma—											
Males . .	4·2	4·4	4·3	4·2	4·1	3·5	3·4	3·3	3·3	3·5	3·8
Females . .	2·0	2·0	2·0	2·0	1·9	1·8	1·8	1·9	1·9	2·0	2·3
Total .	3·1	3·2	3·1	3·1	3·1	2·7	2·6	2·6	2·6	2·7	3·0
Bihar and Orissa—											
Males . .	4·0	4·1	4·1	4·0	4·1	4·0	3·9	4·2	4·8	5·1	5·5
Females . .	6	·6	6	6	·6	6	6	·6	·4	6	·7
Total .	2·3	2·3	2·3	2·3	2·3	2·3	2·2	2·4	2·6	2·8	3·0
Central Provinces and Berar—											
Males . .	4·4	4·3	4·5	4·4	4·4	4·4	4·2	4·3	4·6	4·5	4·7
Females . .	·5	5	·5	·5	6	·6	5	5	5	·5	5
Total .	2·1	2·5	2·5	2·5	2·5	2·4	2·4	2·4	2·5	2·5	2·6
Assam—											
Males . .	5·8	5·7	5·6	5·5	5·6	4·9	4·6	4·9	5·2	5·4	5·7
Females . .	·8	8	8	8	9	·8	·7	·7	·8	·8	9
Total .	3·4	3·3	3·3	3·1	3·2	2·9	2·7	2·9	3·1	3·2	3·4
India—											
Males . .	4·7	4·8	4·9	4·9	5·1	5·1	5·0	5·4	5·7	6·0	6·5
Females . .	9	1·0	1·0	1·0	1·1	1·1	1·1	1·1	1·2	1·2	1·3
Total .	2·9	3·0	3·0	3·0	3·1	3·1	3·1	3·3	3·5	3·7	4·0

QUESTION OF INTRODUCTION OF REFORMS IN BALUCHISTAN.

TABLE OF CONTENTS

Question of Introduction of Reforms in Baluchistan.

	Area in square miles.	Population.				
		Towns	Villages.	Total.	Indigenous	Alien
Baluchistan	134,638	9	3,693	799,625	722,602	77,023
I.—*Indian States and Tribal Territory.*	87,678	3	2,331	416,001	41,479	1,202
1. Kalat	73,278	2	1,923	328,281	327,364	917
2. Las Bela	7,132	1	264	50,696	50,424	272
3. Marri and Bugti country	7,268	..	144	37,024	37,011	13
II.—*Administered Territories*	46,960	6	1,362	383,624	307,803	75,821
1. Quetta-Pishin	5,220	3	361	137,082	88,302	48,780
2. Loralai	7,525	1	407	82,473	77,513	4,960
3. Zhob	10,315	1	268	56,668	48,767	7,901
4. Bolan	353	..	26	3,618	1,650	1,968
5. Chagai	19,622	..	58	21,343	17,632	3,711
6. Sibi	3,925	1	242	82,410	73,939	8,501

Main statistics.

1. Baluchistan is a mountainous country, considerably larger than the British Isles, with a total population less than the British Isles' annual birthrate. There are only two towns worth the name, Quetta and Sibi, and only seven townships, populated chiefly by Englishmen, Punjabis

and other aliens The indigenous inhabitants ordinarily avoid the urban areas and are scattered over the country in hamlets or tents. They live mostly in a tribal state of society and more than half of them have not yet emerged from the nomadic or semi-nomadic stage. Over 90 per cent. of the population are Muslims. Owing to the strong local prejudice against education the number of literate Muslims in the whole of Baluchistan is less than 10 000, and more than half of these are aliens.

Indian States and unadministered tribal areas.

2 Two-thirds of Baluchistan's area and more than half her population are absorbed by the two Indian States Kalat and Las Bela, and the unadministered Marri and Bugti tribal country, which lie outside the scope of an enquiry regarding constitutional Reforms.

Areas under British Administration.

3 The population of that portion of Baluchistan which is under British administration is 383,621, spread over 16,960 square miles. In no portion of it does British administration date back further than 1879. The area under British administration is divided into two categories—British Baluchistan which is a province of British India under the administration of a Chief Commissioner (section 58 of the Government of India Act), and the Agency Territories which are not British India but are administered under the authority of the Indian (Foreign Jurisdiction) Order in Council, 1902, by the Chief Commissioner of British Baluchistan for the time being in his capacity as Agent to the Governor General. This juristic distinction is a reflection of past history, the areas included in British Baluchistan having been formally ceded, while jurisdiction over the administered territories has accrued to the British Government under a variety of circumstances not involving the acquisition of formal sovereignty. From a practical standpoint there is no substantial difference between the laws in force in the two areas and the manner in which they are administered. By notification No. 1603-I.B., dated the [illegible]

in the Agency Territories, with the result that while the source of the laws in force in the two areas is wholly different the laws themselves are for the most part the same. The laws in force in British Baluchistan comprise :—

(1) such of the laws in force in any part of British India at the commencement of the British Baluchistan Laws Regulation, 1913, as are specified in Schedule I to that Regulation,

(2) such Acts of the Indian Legislature made subsequently to the commencement of that Regulation as are expressed to extend to British Baluchistan,

(3) Regulations made expressly for British Baluchistan under section 71 of the Government of India Act, and

(4) enactments in force in other parts of British India which are extended to British Baluchistan by notification under the Scheduled Districts Act, 1874.

In the absence of a declaration to the contrary, a law in any of these four categories which is for the time being in force in British Baluchistan will equally be in force in Agency Territories.

Financial arrangements.

4. Before 1921 various forms of quasi-provincial settlement were tried, under which the Local Administration was given the powers of a Local Government in respect of the revenue under certain specified heads in the province, the deficit between provincial expenditure and revenue being met by the Central Government. At the time of the abandonment of the system in 1921, the share of the provincial expenditure which had to be borne by the Central Revenues was two-thirds. Since 1921 all Baluchistan revenue and receipts are credited to Central Revenues, and all expenditure is met by Budget allotment from those Revenues.

Baluchistan and the 1919 Reforms.

5. In paragraph 198 of the Report on Indian Constitutional Reforms Baluchistan is mentioned among the areas for which the Government of India should consider the advisability of associating with the personal administration of the Chief Commissioner some form of advisory council adjusted in composition and functions to local conditions. The Agent to the Governor General was called upon for his views. He gave them in the following note.

Sir Henry Dobbs' note of the 27th October 1918.

6. "The population of Baluchistan contains three sharply differing sections, the military, the towns-people and the tribesmen. The occupation of the country was forced upon the Government of India and is maintained, for purely strategic reasons; and the security and welfare of the troops at Quetta, Chaman, Loralai and Fort Sandeman must form the chief pre-occupation of the administration. The urban communities did not exist before the British occupation in the eighties and nineties of last century and have come into existence mainly to supply the wants of the military, although they now depend to some extent also upon the growing trade with Afghanistan and Persia which has been stimulated by the railways. These urban communities consist of aliens, largely from the Punjab, who return to their homes when, satisfied with their gains. They have little sympathy with or understanding of the tribesmen, of whose language and customs they are ignorant. The tribesmen inhabit thinly a vast area of arid mountains and valleys, of which probably less than two per cent. is cultivated. The rainfall is scanty and there is little perennial water, but in the hot weather the stony nullahs are sometimes filled with brief and uncontrollable floods. Many of the tribesmen are nomadic and many semi-nomadic. Their principal occupation is pastoral though, as the last Census Report points out (Census of India, 1911, Baluchistan, paragraph 316) all those who have any connection with agriculture return themselves as agriculturists. There is little prospect of an increase of population or of any development of industry except in the wool-trade and fruit-trade. The province is barely self-supporting, in so far as the indigenous population is concerned, and has to import a quantity of food-stuffs for the military and towns population. The density of the

population for the whole of Baluchistan is 6 per square mile and varies from 24 per square mile in Quetta-Pisin to 1 per square mile in Chagai. Its total number was in 1911 834,703 souls and it was stated in the Census Report that, while Baluchistan contributed 1/13th to the area of the Indian Empire it contributed little more than 1/377th to its population. The urban population numbered in 1911 only 49,609. Of the total population enumerated 359,086 were residents in the Kalat State so that considerably less than half a million persons live under British rule.

Life and administration present modern complications of India only among the small alien communities of the so-called towns. The more important British Indian laws have been nominally extended to the whole of Baluchistan outside the Kalat State, the Marri and Bugti tribal areas and the Chagai district But in practice these laws affect only the few towns and headquarters bazaars. The rest of the country is governed by customary law, as ascertained and modified from time to time by assemblies of tribal elders. These regulate questions o inheritance, betrothal, marriage, the status of women, the composition of cases of adultery, disputes regarding tribal boundaries, land and water rights and civil claims of all kinds and adjudicate on the guilt of persons accused of crime. The tribal assemblies moreover recommend to the administration the nature and amount of punishment to be inflicted in criminal cases, or of the compensation to be paid to those who have suffered at the hands of offenders, or of the security to be taken for the future prevention of quarrels. The Police are not allowed, without a special order, to investigate crime in tribal areas, such investigation being mainly carried out by the tribal headmen and levies themselves, under the guidance of the higher civil officials. A large proportion of disputes, both civil and criminal, never come to the cognizance of the officials, but are settled either by the Chiefs themselves or by arbitrators appointed by the parties. In matters of land revenue the tribal headmen play a leading part, except in the four tahsils of Quetta-Pishin, Shahrigh and Sinjawai which are under a cash assessment. In the remainder and larger part of Baluchistan Government takes a fixed share of the crops which is assessed at every harvest by a revenue official with the help of local elders. When any special questions affecting the tribesmen arise outside the routine of administration, such for instance as questions of horse-breeding or the wool-industry, the Agent to the Governor General takes advantage of the assemblages of Chiefs, which take place twice a year at Quetta and Sibi and are known as the "Shahi Jirga," to call together and consult the tribal representatives. In the Shahi Jirgas the Chiefs of the tribes of the Kalat State and of the unadministered Marri and Bugti areas are

Thus the tribesmen of Baluchistan are, in all essential matters which affect themselves, already self-governing. They ascertain and expound their own customary laws, which are the only laws permitted by the

present take the form of consultation with the tribal Chiefs and Headmen. A Central Advisory Council would be inconsistent with, and could not be superimposed on the tribal system."

Recent re-examination.

8. The question of the grant of some measure of constitutional reforms to Baluchistan has recently been re-examined by the present Agent to the Governor General and his predecessor, whose notes are given below.

Sir Frederick *Johnston's* note of the 31st October 1927.

9. "The original enquiry made in 1918, to which Sir Henry Dobbs' note was the reply, envisaged the possibility of instituting some form of Advisory Council in Baluchistan as indicated in paragraph 198 of the Report on Indian Constitutional Reforms. The present Government of India memorandum, however, definitely refers to reforms, and in view of the fact that since the original enquiry of 1918 and Sir Henry Dobbs' note, the Government of India Act of 1919 has become law, I presume that any type of council or advisory council that might be contemplated must be constituted by some application of the Government of India Act of 1919. This aspect of the question immediately focuses attention on the constitutional and legal position of the administrative area known as Baluchistan *vis-a-vis* British India.

Sir Henry Dobbs, with whose lucid exposition of the general situation in Baluchistan I am in entire agreement, only touched on one aspect of this question in paragraph 6, when he pointed out the difficulty of including the Kalat chiefs in a formally and legally constituted council for British districts. Before therefore dealing with the general question of the suitability of the country and people as a whole for any scheme of reforms it would appear advisable to clarify the constitutional position.

Baluchistan is divided into four parts :—

(a) Indian States.

(b) Tribal Area.

(c) Agency Territories.

(d) British Baluchistan.

(a) *The Indian States* comprise the State of Kalat and its feudatory Las Bela. The relations between the Kalat State and the British Government are governed by the Treaty of 1876 and by Article 3 of this, the British Government engages to respect the independence of Kalat. The British Government has no power to legislate for or in the Kalat State, and no scheme of reforms under the Government of India Act can in any way apply to the Kalat State. It is noteworthy that the Kalat State occupies some 2/3rd of the total area of Baluchistan and holds nearly half the total population.

(b) *Tribal Area.*—This consists of the Marri and Bugti country and Chagai and the Western Sinjerani country. Though the position never seems to have been exactly defined, I think there is little doubt that the Marris and Bugtis are nominally feudatories of the Khan of Kalat though they were not included in the Mastung settlement between the

Khan and his Sardars. In any case the British Government takes no revenue from them, and the Tumandars enjoy a certain measure of independence in their administration Regarded either as a portion of Kalat or independent territory legislative enactments of British India cannot apply to them and the introduction of any scheme of reforms would be impossible till the position was cleared. The Chagai and Western Sinjerani country appears to have come under the administration of the Baluchistan Agency by the Durand Agreement of 1893. Its exact constitutional position is not clear to me, but the question is one of academic interest only as the area is desert with a total population of some ten thousand

(c) *Agency Territories.*—These consist of :—

(a) Areas acquired from His Highness the Khan of Kalat on quit rent.

(b) Areas whose administration, has been taken over by the British Government at the request of the Tribal headmen.

(a) consists of—

(1) Quetta Tahsil.

(2) Bolan Pass District.

(3) Nushki Tahsil.

(4) Nasirabad Tahsil.

The lease of these districts by the Khan of Kalat to the British Government is governed by the agreement of the Dasht plain of 1883 and the subsequent agreements of 1899 and 1903. I venture to think that the wording of these agreements may have a very definite bearing on the possibility of introducing any scheme of reform under the Government of India Act into these leased territories. The important clauses of all [illegible]

[illegible]

behalf of the British Government by or through such officer or officers as the Governor General in Council may appoint. Whether treaties so worded would permit of the introduction of any reforms under the Government of India Act is a matter on which I do not feel myself, in the short time at my disposal, competent to give an authoritative opinion, but I note that the agreement of 1902 governing the lease of the Berars gives far wider terms of administration to the British Government than the agreements governing the leases of Quetta, Nushki and Nasirabad would appear to do. The point is one which should be examined by the Government of India before the general question of the introduction of reforms is considered.

The areas whose administration has been taken over by the British Government at the request of the tribal headmen are the Loralai and

Zhob Districts with the exception of the Duki Tahsil, and the 8th paragraph of the agreement with the Maliks of Zhob, Bori and Musakhel is important in this connection. In equity it would, I think, be necessary to obtain the consent of the inhabitants of these districts to the application of any reforms. The Government of India will be, however, in a better position than myself to judge of suitable or possible action in this respect, from their examination of the position of similar Agency territories in the North-West Frontier Province.

(d) *British Baluchistan* consists of the six Tahsils of Pishin, Chaman, Shorarud, Duki, Sibi and Shahrigh and no constitutional issue arises in this case.

The above analysis throws into striking relief the phrase "Reforms in Baluchistan." In any case the States and the Tribal area will have to be excluded. These represent an area of 105,000 square miles and a population of 427,000 out of a total area of 134,000 square miles and a population of 799,000 leaving an area of 29,000 square miles with a population of 372,000 to which some scheme of reforms may be applicable, but from which again it is possible that the leased areas and the Loralai and Zhob districts may have to be excluded The area of the remainder is some 9,000 square miles containing a population of some 128,000 and divided into three widely separated tracts.

The only large town in Baluchistan is situated in a leased district.

The present system of administration in Baluchistan has been so moulded as to overcome the difficulties of interlacing and ill-defined jurisdiction. The introduction of some British Indian system of reforms by legislative enactment must inevitably tend to draw a hard line between the areas where such reforms may and may not apply, and co-operation between the diverse elements of the present administrative area upon which the success of the Administration depends will become increasingly difficult.

With the general thesis of Sir Henry Dobbs' note I am in entire agreement. As he states in his eighth paragraph, the real tribesmen of the country already enjoy to the fullest possible extent self-government by means of the consultative assemblies of their recognised representatives and they have in recent years, recognising that custom is a living growth, of their own volition revised their customary law in many important respects so as to bring it more into consonance with modern conditions and ideas. I would personally welcome some arrangement which would give legislative authority to their proceedings and decisions upon tribal and customary law and I can see no objection to consultation being required with the natural leaders of the people of all subjects affecting their interests, as such procedure would merely embody the existing practice. If the difficulties I have outlined could be got over, I can see no objection from an administrative point of view to the constitution of a Council which would consist of the natural leaders of the people, who would, as they do now, legislate and advise on their own simple affairs."

10. "In view of the forthcoming visit to India of the Simon Commission and the recent pronouncements by leading politicians in Delhi, advocating the grant of full reforms to the North-West Frontier Province and Baluchistan, it is necessary for this Administration once more to take stock of its position and consider whether under existing conditions it is in any way possible and desirable to advise the introduction into Baluchistan of some measure of reforms. Colonel St. John's note of the 14th April 1928.

Owing to the fact that the conditions prevailing in the North-West Frontier Province, especially in the settled districts, are entirely different to those in Baluchistan, no effective comparison in regard to this question can be made between the two Provinces. The North-West Frontier Province prior to 1901 formed an integral part of the Punjab and its Laws, Rules, Regulations and practices date back to the time when it formed a part of that province Baluchistan on the other hand has evolved its own method of government, the outstanding and distinctive feature of which is the administration of the country through consulative assemblies of the recognised representatives of the various tribes.

In his note, dated the 27th October 1918 Sir Henry Dobbs, then *Agent to the Governor General, gave a clear and accurate account of the* conditions prevailing in Baluchistan; and his description holds good in every particular to the present day.

Enquiries recently made show that the attitude of the tribesmen towards 'Reforms' has undergone no change since his note was written, while the small urban and alien population, who, at that time, showed a tendency to favour the introduction into Baluchistan of some sort of advisory council, are now of opinion that the existing system of government is best suited to the needs both of the tribesmen and themselves.

Sir Frederick Johnston in his note dated the 31st October 1927, agreed with the views expressed by Sir Henry Dobbs and discussed in more detail the legal and constitutional position of the Province. He showed that the Kalat State and the Tribal areas, which together represent nearly 4/5 of the total area and hold over 50 per cent. of the population, lie outside the scope of the Government of India Act and would consequently have to be excluded from any Provincial Scheme of Reforms; also that it was open to considerable doubt whether the Act could be legally applied to the Agency Territories as distinct from British Baluchistan owing to the peculiar circumstances by which the former came under our administration.

Assuming however that these legal difficulties could be overcome and that the Government of India Act could be applied to administered areas as a whole (Agency Territories and British Baluchistan), it is necessary to consider what the effect of any scheme of reforms would be on the people of the country. In order properly to appreciate the peculiar position of Baluchistan it must be remembered that the size *of the administered areas in which reforms could be introduced is approxi-*mately 29,000 square miles with a population of only 372,000, *i.e.*, about 13 persons to the square mile. Also that with the exception of the urban

and alien community who number some 48,000 persons (this includes men in the Army, Police, Railway, etc.) and reside only in the town of Quetta and the bazaars of Sibi, Fort Sandeman and Loralai, the remainder of the population, 35 per cent. of whom are either nomadic or semi-nomadic, live in a tribal state of society in small and primitive villages scattered over this enormous area of barren country.

Sir Henry Dobbs in his note has given a vivid and accurate description of the manner of life under these tribal conditions and there is little to add to what he has written on the subject. He has shown how the tribesmen are in all essential matters already self-governing: how they ascertain and expound their own laws and are responsible for the protection of life and property within their borders: how the assemblies of elders selected by the tribesmen regulate questions affecting the social life of the community, settle civil disputes and adjudicate on the guilt of persons accused of crime: how in fact they enjoy to the fullest possible extent self-government under a system that they both understand and appreciate.

In these circumstances it is difficult to see what justification there would be to superimpose on this system a foreign method of Home Rule as contemplated by the Government of India Act. Its introduction would be deeply resented by the tribesmen. It could only be carried out with considerable risk and difficulty and would inevitably result in the breaking down of the existing social structure and the extinction of the tribal system.

I am unable to understand the last paragraph of Sir Frederick Johnston's note in which he suggests that some arrangements might be made to give legislative authority to the proceedings of the existing consultative assemblies. In my opinion and also in that of the officers whom I have consulted on the subject the proposal, as far as I am able to understand it, is unworkable.

The chief consultative assembly in Baluchistan is known as the Shahi Jirga and is composed of representatives from all parts of the Province including the Kalat State and Tribal areas. It is possible that legislative authority might be given to this assembly, but as such authority could only be applied to those areas which come under the Government of India Act, viz., British Baluchistan and possibly the Agency territories the assembly would lose much of the utility and power that it now possesses.

In the circumstances I do not consider that it would be advisable t[illegible]
I
r[illegible]
people of the Province."

Concluding remarks.

11. While the Government of India endorse generally the picture Baluchistan and its peoples presented in the foregoing studies by present Agent to the Governor General and two of his predece

do not necessarily commit themselves to an acceptance of all the opinions therein expressed. No proposal for the institution of anything in the nature of constitutional reforms has been put forward by the people of Baluchistan themselves, though it has recently been made one of the chief planks in the Indian Muslim political platform. Should such a demand arise, it is clear from the statements presented by the three Agents to the Governor General that it will be necessary for its proponents to advance arguments of considerable cogency to meet the strong considerations advanced against any alteration of the existing régime.

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THE SYSTEM OF ADMINISTRATION IN AJMER-MERWARA.

The System of Administration in Ajmer-Merwara.

The recommendation of the Joint Authors.

In paragraph 198 of the Report on Indian Constitutional Reforms the Joint Authors in dealing with certain smaller tracts including Ajmer-Merwara recommended that in some if not in all these areas it would be well to associate with the personal administration of the Chief Commissioner some form of advisory council adjusted in composition and function to local conditions. They left the further consideration of the question to the Government of India.

Appointment by the Government of India of a Committee to examine and report on the administrative and judicial arrangements in Ajmer-Merwara and the participation of the Province in the reforms

A Committee was appointed by the Government of India in 1921 to examine the administrative and judicial arrangements in Ajmer-Merwara and to advise on the changes necessary to enable the Province to participate in the reforms.

The recommendations of the Committee

The Committee considered that the establishment of a legislative council for this small Province was out of the question, and that the most suitable solution was to amalgamate it with the United Provinces, if this could be arranged. In the opinion of the Committee the opposition expressed to this solution was mainly due to an instinctive conservatism or to the apprehension of imaginary or improbable disadvantages and was neither so extensive nor so intense as to stand in the way. (See Appendix.)

Merger of Ajmer-Merwara in the United Provinces.

In pursuance of the recommendation of the Committee the Government of India consulted the Government of the United Provinces who expressed themselves as opposed to the merger. Their objections were as follows :—

(1) The district of Ajmer-Merwara is not only completely isolated from the United Provinces but is situated at a considerable distance therefrom (150 miles from the nearest point).

(2) The laws, customs and language of the district are different from those of the United Provinces.

(3) Many of the administrative problems which arise in Ajmer-Merwara are of a different nature from those met with in the United Provinces and the questions connected with the *surrounding States would be of frequent occurrence*: in

dealing with these, as indeed with the administration generally, the Deputy Commissioner would invariably find himself overshadowed by the Agent to the Governor-General.

(4) It is clear from the evidence taken by the Committee that the United Provinces would be expected to provide considerable doles for the development of Ajmer-Merwara.

(5) The frequent famines and scarcity that arise in the district would inevitably cause a further drain on the finances of the United Provinces.

(6) The presence of the Chiefs' College in Ajmer would raise a further difficulty. This college must obviously remain under the direction and supervision of the Government of India. This might be a source of friction, while many of the other educational institutions already in existence in Ajmer-Merwara would almost certainly not be viewed with approval by the inspecting officers of the United Provinces.

The Chief Commissioner was also opposed to merger as contrary to the wishes of the bulk of the people of the district The Government of India on the other hand were inclined to think that the best solution of the matter would have been to merge Ajmer-Merwara in the United Provinces, but they did not consider themselves justified in forcing this view on the Local Government.

Advisory Board for the Chief Commissioner

The establishment of an Advisory Board was also considered by the Committee who recommended that, if this solution were adopted, the constitution and functions of the board should be as follows :—

(a) the board should have a non-official elected majority and sufficient official members to supply information ,

(b) the board should have power to advise on all drafts of Regulations ,

(c) the board should have power to pass Resolutions ;

(d) the board should have power to make recommendations on the budget ; and

(e) the board should have power to ask for information and returns.

The Committee were of opinion, however, that a board of this nature would not satisfy political aspirations for any length of time. The Chief Commissioner was also doubtful about the advantages of an advisory board, but he urged that, if such a board were created, one representative of Ajmer-Merwara should be nominated to the Council of State or the Legislative Assembly. The Government of India considered that a purely advisory council or board could be created by an executive order either of the Chief Commissioner or of the Governor-General in Council, though there was no warrant for it in the Government of India Act. The creation of a board would not in any case provide a satisfactory solution of the problem. Finally the Government of India

came to the conclusion that the only action which could suitably be taken was to give the Province of Ajmer-Merwara an elected seat in the Legislative Assembly as in the case of Delhi. This suggestion was placed before the Secretary of State and received his sanction.

Legislative Council for Ajmer-Merwara.

The Committee of 1921 was opposed to a legislative council for Ajmer-Merwara and their objections were :—

(*a*) The Joint Report did not recommend a legislative council for Ajmer-Merwara and contemplated only an advisory council.

(*b*) A system of representation based on a big province as a unit was scarcely suitable to what in fact was merely a district.

(*c*) The establishment of a legislative council would entail the creation of a Legal Department, the expense of which would be prohibitive.

(*d*) It was improbable that Ajmer-Merwara could furnish a sufficient number of members possessing the legal, political and general capacity required in a legislative body.

(*e*) The creation of a legislative council would lead to the demand for an executive council, which would be an impossibility on the score of expense.

The Government of India concurred in the views of the Committee.

Five months after the amendment of [illegible] Merwara one elected seat in the Legisla[illegible] missioner in September 1924 submitte[illegible] establishment of a Legislative Council o[illegible] lative Council which had been inaugurat[illegible] stated that the grant to the people of an elected seat in the Assembly had given great satisfaction to them but that they were disappointed that they had no voice in the administration of purely local affairs. While this proposal of the Chief Commissioner was under consideration, Rai Sahib M. Harbilas Sarda moved a resolution in the Legislative Assembly on the 24th February 1925 recommending the establishment of a legislative council for Ajmer-Merwara. The resolution was debated at length but was negatived by 41 votes to 26. The Government of India informed the Chief Commissioner that in view of the decision of the Legislative Assembly and of the fact that the provincial transactions showed an annual deficit of approximately Rs. 6 lakhs, they were averse from doing anything which would encourage the revival of the question of a legislative council for Ajmer-Merwara.

Present legislative position of Ajmer-Merwara.

Acts of the Indian Legislature expressed to extend to British India extend to Ajmer-Merwara. The normal method of legislating specifically for Ajmer-Merwara is by regulation under section 71 of the Government of India Act. Ajmer-Merwara is a Scheduled District and the Local Government is empowered, under section 5 of the Scheduled Districts Act of 1874, to extend to the District or to any part of the District any enactment which is in force in any part of British India at the date of such extension.

The financial position is briefly indicated below :— Financial position of Ajmer-Merwara.

Year.	In thousands		
	Revenue	Expenditure	Deficit
	Rs	Rs	Rs
1919-20	12,82	17,19	4,37
1920-21	13,54	20,67	7,13
1921-22	12,91	23,24	10,33
1922-23	13,42	20,26	6,84
1923-24	14,07	18,54	4,47
1924-25	14,68	18,34	3,66
1925-26	14,76	19,95	5,19
1926-27	14,07	22,59	8,52
1927-28 (Revised)	15,53	20,96	5,43

APPENDIX.

No. 1 of 1921.

From Mr. E. H. Ashworth, I.C.S.; Lt.-Col. S. B. A. Patterson, I.A.; Diwan Bahadur Pandit Govind Ramchandra Khandekar; Rai Sahib Munshi Mithan Lal. To the First Assistant to the Hon'ble the Agent to the Governor General, Rajputana, and Chief Commissioner, Ajmer-Merwara.

Dated Ajmer, the 18th/25th April 1921.

Sir,

We have the honour to submit our report on the administrative and judicial arrangements in the Province of Ajmer-Merwara. Our committee was composed as follows :—Mr. E. H. Ashworth, I.C.S., District and Sessions Judge of Cawnpore, United Provinces; Lt.-Col. S. B. Patterson, Commissioner of Ajmer-Merwara; Rai Sahib M. Mithan Lal, elected by the District Board of Ajmer-Merwara; Diwan Bahadur Pandit Govind Ramchandra Khandekar, elected by the Municipal Committees of Ajmer and Beawar.

2. *Terms of Reference.*—We were requested to consider and report on the following points :—

(1) With a view to enable Ajmer-Merwara to participate in the reforms, and on other grounds, would it be advisable that Ajmer-Merwara should be re-transferred to the United Provinces both administratively and judicially ?

In answering this question the following factors are of importance :—

(a) The practical advantages and disadvantages under various heads to be expected from the change. In particular, would it be advantageous that the Agent to the Governor General should be relieved of his administrative work in order to leave him more time for the performance of his political duties ?

(b) The sentiment of the various classes of the population (including especially Istimrardars), so far as it can be ascertained, in relation both to the administrative and judicial aspects of the change.

(c) The sentiment of the Rajputana Darbars, particularly Udaipur and Marwar, who originally owned areas of the land now in Ajmer-Merwara.

(d) The probable effect of the change on proposals which have been adumbrated for 'Central Institutions' in the Rajputana States

(2) If the conclusion is that Ajmer-Merwara should be handed over administratively but not judicially to the United Provinces, would it be feasible to maintain separate judicial arrangements for Ajmer-Merwara and, if so, what should they be ?

(3) If the conclusion is that Ajmer-Merwara should not be handed over administratively, ought the judicial work alone to be transferred to the Allahabad High Court ?

(4) If the answer to (1) is in the negative, are any changes advisable—

(a) In the present administrative system ?

(b) In the present judicial system and, if so, what ?

As regards (a), how could the people best be given a share in the administration and how could it be made more liberal and progressive than at present ?

As regards (b), would there be sufficient work for a Judicial Commissioner for Ajmer-Merwara and Railway lands, Abu and administered areas ? If not, would it seem desirable, on information available, that there should be a Judicial Commissioner for Rajputana and Central India conjointly ?

We are also informed that we were not precluded from discussing and expressing our opinion on any other relevant points that might arise during the course of the investigation.

3. *Evidence taken.*—In pursuance of these instructions and in order to ascertain the sentiment of the various classes of the population, we

have held meetings in public at Ajmer, Beawar, Todgarh, and Bhim, and we have discussed the question in full with, and obtained the opinions of, the Municipal Committees of Ajmer, Beawar, and Kekri, the Bar Associations of the two former places, the Istimrardars, Jagirdars, Seths, Mill-owners, European Association, Indian Christians, Muhammadans, including the Committee of management of the Dargah Khwaja Sahib, the Railway authorities and various large bodies of agriculturists. We have also taken the opinion of various officers associated with the administration of the Province.

4 *General description of Ajmer-Merwara.*—Ajmer-Merwara is an isolated British Province in Rajputana It formerly consisted of two districts Ajmer and Merwara, but since 1914 these have been merged into one. The area is 2,711 square miles with a population of a little under half a million. Of these some 3,89,000 are Hindus, and 91,000 Muhammadans. The Province is, therefore, somewhat larger in area than the average district in the United Provinces, but contains a considerably smaller population. It is peculiarly situated in that its territory is straggling and sporadic. Some of its outlying villages lie in the heart of the States of Mewar and Kishengarh, and some villages of Kishengarh and Jaipur lie in the heart of Ajmer. The Kekri sub-division is separated from that of Ajmer by a strip of Kishengarh territory some ten miles in breadth. The greatest length of the Province is 134 miles, and the greatest breadth 82, while parts of Merwara are only ½ to 2 miles broad. The result is that though the area is only 2,700 square miles the smallest map that will bring it within its compass is one representing a country of over 10,000 square miles.

The Ajmer district is a large open plain, very sandy in parts, especially to the west and studded at intervals with hills which rise boldly from the plain. Merwara, on the other hand, is a net work of hills with intervening valleys inhabited by a hardy and warlike race, only reclaimed from outlawry in the third decade of the last century, which provides numerous soldiers to the Indian Army. A peculiar feature of Merwara is that 94 villages belong to the Mewar Darbar and 24 to the Marwar Darbar, but are managed and administered by the British Government, the sovereignty remaining with the Darbars. The whole Province lies on the border of the arid zone of Rajputana outside the full influence of the monsoons, and the rainfall is therefore very partial and precarious. The yearly average is 20 inches, but this not only varies in amount from year to year but from place to place, falling often with fury upon one side of a hill while leaving the other perfectly dry. It is also most irregularly distributed over the rainy season and most uncertain as to the intensity of fall. There are no perennial streams and irrigation is dependent on tanks and wells. These in turn depend for their supply on the rainfall, and when this fails, as it does fairly frequently, the province is subject to famine. During the last thirty years the years 1891-92, 1899-1900, 1901-02 and 1905-06 were famine years, while 1890-91, 1895-96, 1898-99, 1902-03, 1911-12 and 1915-16 were years of severe scarcity.

The only land tenures peculiar to Ajmer are those of Istimrar and Bhum. The former is a feudal tenure practically identical with that of the Thakurs of the States of Rajputana. The British Government has waived its right to enhance assessments and has declared the existing assessments to be fixed in perpetuity. The tenants on an Istimrari estate are tenants-at-will. The Istimrardar is proprietor of the land and has rights over mines on his estate subject to the payment to Government of royalty at a rate not exceeding one half of the net profits: he is precluded from alienating any portion of his estate for any term extending beyond his own life time; he is bound to assist in the detection and repression of all crime on his estate and to perform all duties in virtue of his allegiance to His Majesty the King, as may be demanded from him.

The tenure known as Bhum is peculiar to Rajputana. The word itself means "the soil" and the name Bhumia signifies "allodial proprietor". Bhum holdings are revenue-free, but subject to the performances by their holders of certain duties and to allegiance to His Majesty. The Bhumia must obey the summons of the District Officer to suppress riots or to pursue dacoits or rebels or for any other purpose connected with the maintenance of the public peace; he must present himself to the District Officer at Ajmer at noon on the King's birthday mounted on a serviceable horse and duly armed with a sword and a serviceable gun. A Bhumia may not alienate his land except to another Bhumia. The title of Bhumia is much cherished. His Highness the Maharaja of Kishengarh is a Bhumia in the Ajmer district.

The average Imperial Revenue for the last 7 years in Ajmer-Merwara amounted to Rs. 13,71,800 and the expenditure to Rs. 12,81,583.

The province contains three towns. Ajmer with a population of 86,200, Beawar with one of 22,800 and Nasirabad, a Cantonment, with one of 20,200.

In Ajmer is situated the famous Dargah of Khwaja Sahib Muinuddin Chisti, the most sacred Muhammedan shrine in India; and Pushkar, which is the most sacred spot for Hindus in Asia, after the Mansarowar Lake in Tibet, lies seven miles off. Both are centres for large concourses of pilgrims.

5. *Historical Retrospect.*—For the purposes of this inquiry a brief retrospect of the administration of Ajmer-Merwara is desirable, but no useful purpose would be served by pursuing it further back than the year 1853, when the Government of the North Western Provinces (now the United Provinces of Agra and Oudh) administered the two districts of Ajmer and Merwara through a *Commissioner*, who was assisted by a Deputy Commissioner and an Assistant Commissioner. The Commissioner, Colonel Dixon, to whose energy and ability Merwara owed its existence as a law-abiding district and Ajmer much of its progress, was given a free hand and was only subject to a nominal control. He died in the year of the mutiny. From 1858 the office of the Commissioner was held ex-officio by the Agent to the Governor General in Rajputana,

who was subordinate in his former capacity to the Government of the North-Western Provinces and in his latter capacity to the Political Department of the Government of India This was found to be an undesirable system The Agent to the Governor General for Rajputana could not spare sufficient time for the constant correspondence which his position as Commissioner under a Local Government entailed, while his subordination as Commissioner to a Local Government was detrimental to his influence as Agent with the Indian Princes. At the same time the situation of Ajmer-Merwara among Indian states in the heart of Rajputana was held to render necessary the retention of its administration by the Agent to the Governor General. Accordingly in 1871 the Province was taken under the direct administration of the Government of India in the Foreign Department, that department being preferred to the Home Department, on the ground of the district's geographical position among native states and of its circumstances requiring less rigidity of procedure. The Agent to the Governor General in Rajputana became Chief Commissioner and was given an administrative staff consisting of a Commissioner, a Deputy Commissioner for Ajmer with one Indian E tra Assistant, an Assistant Commissioner for Mhairwara with one Indian Extra Assistant, and an Indian Judicial Assistant for the whole district.

The object of the appointment of a Commissioner under the Chief Commissioner was to supply the cardinal need of senior officer who should reside constantly at Ajmer and give his full attention to the administration. In 1876, it was felt that the method adopted for effecting this object by placing a Commissioner on the top of the Deputy Commissioner of the District with a Chief Commissioner of the province above him was open to objection. Nothing was done then, however, beyond changing the official title of the Deputy Commissioner to that of Assistant Commissioner fo· Ajmer. Owing to the fact that the Assistant Commissioners of Ajmer and Merwara were, at the same time, invested with the powers of District Magistrate and Collector within the areas of their respective jurisdictions, this change of official nomenclature failed of its desired effect and its unexpected result was to elevate the two Assistant Commissioners to the position formerly held by the Deputy Commissioner. There still remained the defect that the Commissioner had little direct contact with the administration and found his time chiefly occupied by his duties as District and Sessions Judge, although assisted by the Judicial Assistant in his civil court work. It was not until 1914 that, with a view to secure to the Commissioner proper control over the whole of the area under his jurisdiction, he was made Collector and Magistrate of both Ajmer and Merwara and so invested with the exercise of the full powers and functions which had up to that time been delegated to his Assistants, the powers and status of these Assistants being reduced. At the same time to relieve the Commissioner and other executive officers of the judicial civil work of the Province, which they had hitherto performed in addition to their executive, revenue and magisterial functions, the Judicial Assistnts

Commissioner was made Additional District and Sessions Judge, and two new appointments of Subordinate Judge and one of Judge of the Small Cause Court, Ajmer, were created. The Commissioner still remained Sessions and District Judge, so that he might try cases and appeals which for special reasons it might be undesirable to transfer to the Additional District and Sessions Judge. In practice this has been found to throw on him the labour of scrutinizing every case that is presented with a view of deciding whether he should try it himself or transfer it.

The result of the administrative changes of 1914 is that the Province of Ajmer-Merwara is administered very similarly to a normal District of the United Provinces, except that the Collector and Magistrate is his own Commissioner and the functions of the High Court are performed by the Chief Commissioner. The merger, therefore, of the Province in the United Provinces as a district, would entail no considerable dislocation of the administration.

6. *Previous consideration of the question of merger.*—This is not the first time that the question of re-transferring the province to the United Provinces has been considered. The matter was considered during the survey of the administration which preceded the change of 1914. It was admitted then that merger would relieve the Agent to the Governor General in Rajputana of duties which encroached on his time as Agent, would substitute officers trained in district administration for officers from the Political Department who were not so trained, diminish the difficulty of recruiting suitable subordinates by opening up the area of selection and the prospect of advancement, supply efficient supervision of the different branches of the administration by specialist heads of departments, and prevent by a system of periodic changes, the clerical staff acquiring too much power. These benefits, however, were not at the time considered to equal the disadvantages of removing the province from the administration of the Agent to the Governor General in Rajputana, who was held to be in a more favourable position than the Lieutenant Governor of the United Provinces to appreciate its political importance (due to its position in the middle of surrounding Indian States) and to decide the frequent questions that arise, between the Local Administration and the neighbouring Darbars. Other considerations urged in argument against merger were the peculiarities of the language, custom and traditions of the people of Ajmer-Merwara, the difference in the practice and procedure observed by its officers, and the trouble and expense that would be occasioned to litigants in carrying their appeals to the High Court at Allahabad and the Board of Revenue.

7. *The Agent to the Governor-General in Rajputana.*—In considering the question of the merger of Ajmer-Merwara in the United Provinces it is necessary to consider how far the circumstances of the Agent to the Governor-General in Rajputana require that he should be given total or partial relief from his present duties as Chief Commissioner.

He has himself represented that the Agent can no longer possess the time or legal knowledge and experience necessary for him to act as High Court He has not suggested that he requires relief in any other way. It is, however, inadvisable to ignore the possibility of his being unable to continue the administration of Ajmer-Merwara. In paragraph 310 of the Report on Indian Constitutional Reforms it is recommended as a general principle, that all important Indian States should be placed in direct political relations with the Central Government. "Where the authority immediately subordinate to the Government of India is an Agent to the Governor General, the choice lies generally between abolishing the offices of local political Agents or Residents, while transferring their functions to the Agent to the Governor General with an increased staff of Assistants, and abolishing the post of Agent to the Governor General, while retaining Residents accredited to states or groups of States" If the former expedient were adopted the Agent would possibly have no time to continue as Chief Commissioner of Ajmer-Merwara, and if the latter were adopted he would cease to exist. In this connection it may also be stated that the Committee that lately reported on the question of the establishment of direct relations between the Government of India and the States in the Bombay presidency recommended, *inter alia*, that the whole Palanpur Agency plus the States of Idar, Danta and Pol should be incorporated in the Rajputana Agency. If this were to take place the Agent with his charge so enlarged might find it impossible to continue as Chief Commissioner of Ajmer-Merwara. Moreover, if an Advisory Board to the Chief Commissioner is created, attendance at its meetings and duties connected therewith will occupy no small amount of his time.

8. *The Reforms.*—The impression we derived from evidence taken by us in respect to the participation of Ajmer-Merwara in the Indian Constitutional Reforms is that at present there was little enthusiasm felt on the subject by any large section of the people. Apart from Rai Sahib Chandrika Prasad, no one was prepared to support merger solely on the ground of its enabling the Province to participate fully in the Reform Scheme. The Ajmer District Congress Committee, which represents the most advanced political party in Ajmer-Merwara, was not in favour of merger. This Committee as well as the Istimrardars and certain other individuals were in favour of an Ajmer-Merwara Legislative Council. It would appear to us that a Legislative Council on the lines of the Legislative Councils of the big Provinces is impossible. The Report on Indian Constitutional Reforms does not contemplate a Legislative Council for Ajmer-Merwara (see paragraph 199) but merely "some form of advisory council in association with the present administration of the *Chief* Commissioner". A system of representation based on a big Province as a unit, appears scarcely suitable to what is in fact a district. Again, the establishment of a Legislative Council for Ajmer-Merwara would entail the creation of a legal department for Ajmer-Merwara the expense of which would be prohibitive. Nor is it probable that such a small area could furnish a sufficient number of members

possessing the legal, political and general capacity required in a legislative body. The creation of a legislative council would inevitably be followed by a demand for an Executive Council also, which would be an impossibility on the score of expense, if on no other ground. It appears to us that an advisory board on an elective basis is the most that could be granted to Ajmer-Merwara, as a separate province. As to the composition of such an advisory board, the general opinion was that *it should have a non-official majority, only sufficient official* members being nominated on it to supply departmental explanations; and that it should be representative of the various classes In Exhibit 26 will be found the proposals of the Istimrardars on the subject, and if the twenty members there suggested are augmented by some official members, the result would appear to us to be a board of suitable dimensions. We are of the opinion that an advisory board must, to satisfy even temporarily the demand for a share in the Reforms, be an advisory board to the *Chief* Commissioner. As such, it should be empowered to see and to criticize all drafts of Regulations before their submission to the Governor General for his assent, to pass resolutions, to make recommendations as to the budget and to ask for information and returns. It would rest with the Chief Commissioner to accept or reject recommendations made or resolutions passed by the Board without reference or report to any authority; and in this respect the status of the Board would differ from that of a legislative council. An advisory Board to the *Commissioner* would satisfy no one, would be a clog on the administrative machinery, and could serve no useful purpose whatever. This conclusion, that without merger nothing more than an advisory board can be conceded, furnishes an argument for utilmate merger. The associations and individuals, who showed themselves in favour of Ajmer-Merwara securing some participation in the measure of representative government conceded by the Reforms Scheme, were ignorant of the amount of representation on the assembly and councils that merger would bring them. Apart from European representation they would, it is presumed, in the event of merger, share in the election of one Muhammadan *and one non-Muhammadan member both on the Council of State* and on the Legislative Assembly. On the Legislative Council of the United Provinces they would probably get a non-Muhammadan member exclusively for Ajmer-Merwara, and share with the other districts of the division to which Ajmer-Merwara would be attached (for example the Agra Division) in the election of a non-Muhammadan member. On this being explained to them they were obviously disappointed, and this disappointment explains the readiness with which many of them accepted the idea of an advisory board But a merely advisory board is not likely to satisfy long their political aspirations, and they may in the future prefer representation, however small, on a council with real and increasing powers to a merely advisory board of their own. It seems advisable, however, to defer merger for two years, as Ajmer-Merwara can have no representation on the United Provinces Legislative Council during its present life, which is for three years.

9. *The Judicial System*.—The unanimity of the feeling that the judicial system in Ajmer-Merwara required alteration might at first sight appear surprising in view of the fact that up to 1914 no dissatisfaction with the system seems to have been expressed. But this demand is to a considerable extent the result of the changes of 1914 set forth in paragraph 5 of this report. So long as the subordinate civil courts were merely executive officers with civil powers there was nothing anomalous in the Chief Commissioner being the High Court of the Province. He cannot, however, be expected to have the time or legal training required for doing justice to appeals from courts presided over by whole-time judicial officers of legal education and experience. Still less has he the time or knowledge for the equally important work of supervision over these courts. It is certain that if these courts were brought under the High Court at Allahabad, the latter would introduce many changes in the matter of jurisdiction and practice. Indeed the amount of reform required might prove inconvenient to the High Court, and affords an argument for the appointment, for a time at least, of a Judicial Commissioner who could carry out reform on the spot as a preliminary to the bringing of the courts under the Allahabad High Court. In this connection we would refer to the evidence and statement of the Additional District and Sessions Judge (Exhibits 3 and 4). The most generally and emphatically expressed objection to bringing Ajmer-Merwara under the High Court at Allahabad was based on the trouble and expense to litigants. It cannot be denied that there is some force in the objection, but we consider that it has been over-emphasized. The facility furnished to litigants to make a final appeal or to apply in revision is not an unmixed advantage. Owing to the facility with which they can be filed, too many appeals and applications to the High Court are filed in Ajmer which have no substance or chance of success. It is unreasonable for a district to demand that it should have a High Court situated within its boundaries. Although the possession of a High Court may be a convenience to the people of Ajmer-Merwara it is a convenience that only their enjoyment of it hitherto gives them any justification for claiming. Ajmer-Merwara is hardly more distant in point of time from Allahabad than some parts of the United Provinces. There is reason to believe that within ten years there will be a broad gauge railway from Karachi to Cawnpore *viâ* Ajmer (or some spot in its vicinity). This by bringing Allahabad much nearer Ajmer in point of time would rob the objection based on distance of much of its force. It has been suggested with some naivety by many individuals and associations that the High Court might send a judge or two judges on circuit to Ajmer. The importance of Ajmer-Merwara as a unit of the United Provinces would be scarcely such as to justify this favoured treatment, even if the suggestion were not impracticable on other grounds. The same argument applies to the suggestion that administrative merger should be combined with judicial independence under a Judicial Commissioner.

While, however, we hold the view that, in the event of administrative merger, judicial merger should also take place, we are not prepared to

advise judicial merger apart from administrative merger. Unaccompanied by administrative merger, it would be an anomaly and productive of difficulties. The rigidity of the judicial system would exceed that of the administrative. It follows that, until administrative merger is effected, we must choose between a perpetuation of the Chief Commissioner as High Court or the appointment of a Judicial Commissioner. The former course appears to us highly undesirable. The demand for a Judicial Commissioner to replace the Chief Commissioner as High Court is universal and insistent, and the Chief Commissioner has made it clear to us that he cannot continue the functions of a High Court without detriment to his political duties. As a permanent measure the appointment of a Judicial Commissioner appears open to the objection that there is not enough work to occupy his whole time. Accepting the suggestion in the terms of reference that the Judicial Commissioner of Ajmer-Merwara should also have jurisdiction over Abu and Administered areas and should also be Judicial Commissioner for Central India (a suggestion approved by the Central India Agency),the average yearly number of civil and criminal appeals for the last three years for this province, for Abu and the administered lands, and for Central India is 107, while that of miscellaneous applications is 256. It is not easy to state how many full days' work these numbers represent. We have consulted the leaders of the bar as to the number of appeals or miscellaneous applications that will occupy a full working day, after due allowance for miscellaneous work connected with the control of subordinate courts. Their estimate is 1½ to 2 appeals or 4 miscellaneous applications per day This would have appeared to us an under-estimate, but it has been explained that the state of the record is such as to retard disposal and that miscellaneous applications, including as they do revision cases, often take as long as appeals. It will also be necessary for the Judicial Commissioner to visit Central India for the purpose of holding his court there, and this necessity will involve more dislocation of his work than is represented by the mere amount of time consumed on the journey. This estimate results in there being work to occupy 117 to 135 working days only. Certain work in connection with the inter-state adjudication of crimes and torts is at present performed by the Courts of Vakils which sit at Ajmer (Ajmer-Merwara being considered as a State for the purposes), Abu, Udaipur, Jaipur, Jodhpur and Deoli. Besides these lower courts, there is an upper court presided over by the Agent or an Assistant of his deputed for the purpose. The question of reforming or abolishing these courts is under consideration. If the upper court is retained, it is proposed to make the Judicial Commissioner the permanent President of it. Again it is possible that the services of the Judicial Commissioner will be asked for on occasion by the States for purposes of arbitration and the trial of serious offences against the States. The Judicial Commissioner can also be constituted the final court of appeal in income tax and other revenue matters and Inspector General of Registration for Rajputana. Even so, we do not feel certain that there will be permanently sufficient work for a Judicial Commissioner, a doubt which furnishes a further

argument for ultimate judicial merger in the United Provinces. It has been suggested that his services should be used as judicial member of the advisory board. This is inadvisable in our opinion on the ground of the important principle that judicial officers should not be drawn into the arena of politics, but it is difficult to see how a judicial member on an advisory board can be dispensed with or how he can otherwise be supplied. If the Chief Commissioner's policy or legislature is to be subjected to the criticism of an advisory board, he must have at his command a legal adviser and some one to defend his proposals before the board on their legal side.

But whatever doubt may be felt as to there being enough work to occupy the time of a Judicial Commissioner permanently, there can be no doubt that for some time after his appointment his time will be fully occupied. The reform of the subordinate courts will occupy a large (but decreasing) amount of time at first. He will have to introduce the rules and practice of the Allahabad High Court. Moreover, there is urgent need of the revision of the Ajmer-Merwara Regulations, and we suggest that this work should be carried out by the Judicial Commissioner. It is a work which will take no small amount of time. We are therefore of the conclusion that for at least two years the time of a Judicial Commissioner will be fully occupied by duties which either he alone, or he, better than any other officer, can perform.

10. The Administrative System.—At the head of the administration is the Chief Commissioner of Ajmer-Merwara, who is also Agent to the Governor General in Rajputana. He is, as has been shown, the High Court for the Province. He also exercises many of the functions of a Local Government, the remaining functions being exercised by the Governor General in Council, a controlling and not an administrative authority. Immediately below the Chief Commissioner is the Commissioner, an officer of the Political Department. Besides his duties as Commissioner, he exercises those of District and Sessions Judge, District Magistrate and Collector, Director of Public Instruction, Conservator of Forests, Inspector General of Jails, Chairman of the District Board, Inspector General of Registration, Convener of the Managing Committee of the Mayo College, Chief Revenue Authority for Stamps and Income Tax and Registrar General for Marriages, Births and Deaths for Rajputana. In addition he has to exercise general supervision over the Excise administration and the Co-operative Societies. To assist him in these multifarious duties there is an Assistant Commissioner,—also an officer of the Political Department—who is Joint Magistrate, Collector of Excise and Commissioner of Income Tax. There are again three Sub-divisional Officers, members of the Ajmer Commission, a General Manager of the Court of Wards, a Registrar of Co-operative Societies, [illegible] lent by the Government of the Punjab, and an Extra [illegible] whose services are lent by the Govern- [illegible] The Police Force (including the Railway Police) is under an Inspector General of Police, who is also Police Assistant to the Agent to the Governor General. He has under him a

Superintendent of Police for Ajmer-Merwara. The services of both of these officers are lent by the Government of the United Provinces. Public Works are under the control of a Superintending Engineer, who is also Secretary to the Agent to the Governor General He has under him two Executive Engineers. The services of all three officers are lent by the Government of the United Provinces. Supervision of Archæology is carried on from the Poona Circle. Civil Veterinary work is supervised from Sind and Baluchistan. Factories are inspected by an officer from Lahore, and Distilleries by one from Allahabad. The last three Land Revenue Settlements have been carried out by officers of the United Provinces As regards Education, the Principal of the Government College is also Inspector of Schools. This unsatisfactory arrangement will shortly terminate as the post of Superintendent of Education, Delhi and Ajmer-Merwara, has been created, though the new incumbent has not yet taken over charge. But this experiment is open to the objections stated by Mr. Harris, Inspector of Schools (Exhibit 10) in his evidence, and that officer is of the opinion that "from an educational point of view merger of Ajmer-Merwara in the United Provinces would be a considerable advantage to the former over the arrangement described or any alternative arrangement that can be conceived".

It will be seen that for purposes of administration Ajmer depends on the services of officers of the Political Department, the United Provinces, the Punjab, Delhi, Sind and Baluchistan and Poona. We cannot regard such an arrangement as satisfactory, and we quite agree with the criticisms made by Mr. Reynolds in his memorandum (Exhibit 11). It is obvious that the Civil Veterinary Officer in Baluchistan has little or no time to spare for Ajmer-Merwara, and it is equally obvious that the Educational arrangement is an unscientific makeshift, as the newly appointed Superintendent will have in his charge schools in Delhi which w[illegible] to a Punjab curriculum and Colleges affiliated with the P[illegible] P[illegible] F[illegible] we are impressed with grave deficiencies which exist. For reasons of finance and owing to the very small size of the Province it is impossible to provide experts in very important departments. The industrial development has to be left to itself There is no technical education, no department of Land Records and Agriculture and consequently no agricultural development, no department of Sanitation and no expert in Jail Administration. The Forest administration is in the hands of a subordinate controlled by an amateur. We consider that these serious defects can only be removed by the amalgamation of Ajmer-Merwara with a large province which contains the necessary administrative machinery and officers who are experts in its use.

11. *Sentiment of the various classes of the population.*—The result of the evidence taken by us is, generally, that officials almost unanimously are in favour of merger on the ground of the administrative advantages

to be obtained thereby, while Indian opinion is against it, largely on sentimental grounds The sentiment against merger in Ajmer is a fabric of diverse threads Its causes are easy to explain in Merwara. This area before the British occupation was without any real government The people lived in village fastnesses on the numerous hill-tops. Colonel Hall and Colonel Dixon brought them down to the valleys and gave them at first the protection of walled towns and of the Merwara Battalion Under a vigorous and sympathetic personal government the towns ceased to require their walls and the sword was beaten into the ploughshare Contentment is the appreciation of advantages enjoyed, and Merwara is content As troublous times are forgotten and a generation arises that know not Colonel Dixon, contentment is likely to wane, but the present generation has not reached that stage. As one Merwara elder said, the people are grateful to the British Government and loyal, and feel that merger might mean contamination and loss of serenity. Shut up in their sequestered valleys or serving in a regiment with a tradition of contented loyalty, they have been little exposed to the ferment of new ideas Their confidence in their local officers is even stronger than their conservatism, and a havildar stated that they would have no objection to merger if they were assured that it was for their good. At the same time there were indications of a new spirit. They were pleased with having been consulted, a fact which we explained was the first instalment of the Reform Scheme in Ajmer-Merwara. The pensioners of regiments other than the Merwara infantry were not so averse to change as those of the Merwara Infantry, and showed some inclination for participation in the Reform Scheme. A small party in the chief town, Beawar, was in favour of merger. Even among the pensioners of the Merwara Infantry service abroad in the war has brought some enlargement of ideas They were open to consider the matter but wanted a longer time to do so, in the light of the knowledge that certain ideas which they had conceived were erroneous. They had imagined that merger meant the raising of their revenue by unsympathetic aliens to the scale of that paid by the richer and canal-watered lands of the United Provinces and were relieved to be informed that their settlement officers, with whose operations they were satisfied, had been borrowed from the United Provinces in the past and that merger would not introduce a higher assessment, unless such were justified by the improvement of assets. In brief the attitude of Merwara was a mild apprehension of any change tempered by a confidence that Government might be trusted to do the best.

In Ajmer, on the other hand, the threads of sentiment were far more various. The local political party professed to be against merger on the ground that they believed in the policy of decentralisation, but it appeared to us that their alleged devotion to this policy was really a concession to sentiment, and would not be proof against the desire for representative government, if they could only obtain this by merger. The Istimrardars, who are the local barons, were clearly influenced by the feeling that merger would affect their prestige and might expose

their privileges to attack. Their ideal was an Ajmer that should be a model state with central institutions for Rajputana, of which it would be the pride and virtual capital. The rural communities such as the wealthy clan of Malis and Telis know nothing of politics and showed far less intelligence than the pensioners of Merwara. They thought that non-co-operators were a new kind of dacoits and wanted to be saved from contact with them. The United Provinces were unknown to them, and they feared merger in it as a child fears to go into the dark. The wealthy community of Seths, who financed the British Government in the Mutiny, was proud on historical grounds of the administrative isolation or, as they called it, the independence of Ajmer. Their business connections were too assured and permeating to feel the friction of provincial boundaries. They did not want to go to Allahabad for their civil appeals As romantic in its history as it is picturesque in its scenery, they feared that merger would rob Ajmer of its glamour in the eyes of the Indian as well as of the profitable globe-trotter. Their ideas were shared by the Kekri Municipal Board and the Indian Christian Community. Two leading members of the Ajmer Bar were also against merger. They drew attention to the irrevocable nature of a decision in favour of merger and suggested that before Ajmer-Merwara committed itself to merger it should try the effect of the appointment of a Judicial Commissioner and other minor reforms. They considered that merger would be disastrous from an educational point of view. They hinted lastly that the Reforms were in a transitional stage and time should be taken to observe their progress and success elsewhere.

The majority of the Ajmer Bar, the Municipal Board of Ajmer and the European Association were in favour of merger. It is significant that these associations represent the product of what may be called higher education, and in the nature of things it is probable that their ideas will spread through the other strata of society.

On the whole the sentiment against merger is not so intense as might have been anticipated, when it is remembered that the circumstances and position of Ajmer-Merwara would lead one to expect the people to be conservative, and that the advantages of easy access to the highest executive and judicial officers are more obvious than those of an improvement in the general efficiency of the administration.

12. *Objections to merger.*—Some of the objections to merger would scarcely appear to us to require any answer but for the fact that they were regarded as of some force in 1914. The fact that in 1871 the province was transferred from the administration of the North-Western Provinces is no argument against its re-transfer. It would to-day, as then, be undesirable for the Agent to the Governor-General in Rajputana to administer the province under the United Provinces Government. The re-transfer which we conceive is merger as a district and not merger as a division or subordination as a province. To mark the difference we have used the expression "merger" in preference to that of "re-transfer". We hardly think that the Government of the United Provinces would fail to appreciate any political importance accruing

to Ajmer-Merwara from its geographical position in the middle of Indian States. The questions arising between the officers of Ajmer-Merwara and the neighbouring darbars can it must be admitted, be more easily handled by a Chief Commissioner who is also Agent to the Governor-General in Rajputana than by the Government of the United Provinces, but they should not prove an insurmountable difficulty to the Government of a province, a considerable portion of whose boundary is at present bordered by the Indian States of Rajputana and Central India. These questions we are assured by Mr. Reynolds, even at present seldom require reference to the Chief Commissioner, and are still less likely to require reference to the head of Government, as the system of reciprocity between British India and Indian States is further perfected That the rural dialect of Ajmer-Merwara is peculiar might be an argument of some force if mastery of it were possessed by the officers under the Chief Commissioner We ascertained, however, that the only officials who could speak it were those born and brought up in the district Merger, therefore, in the United Provinces would not affect the position, unless it resulted in the supersession of Tahsildars and such local officers by men from outside. We do not conceive that it would have this result to any large extent. In any case the use of Urdu by the population is so greatly on the increase that any argument based on the peculiarity of dialect tends to lose its force The customs and traditions of the people are not so peculiar that they cannot be acquired with little difficulty with the aid of settlement reports and other publications. As to the difference in practice and procedure of its officers we consider that assimilation of the practice and procedure to that of the United Provinces would be beneficial to the Province. We have already dealt in paragraph 9 with the question of the trouble and expense occasioned to litigants by bringing the province under the Allahabad High Court As regards appeals that would lie to the Board of Revenue, such appeals are not numerous and could be decided by a member of the Board while on tour. The objection to merger based on the historical independence of the province has little force when it is remembered that the district of Ajmer was under the Government of the North-Western Provinces from 1818 to 1871 and that of Merwara from 1820 to 1871. In the survey of the administration preceding the changes made in 1914, the picture was drawn of Ajmer-Merwara as a model for the surrounding Indian States in Rajputana. This ideal is impossible of realisation on the ground of finance. If it stands alone, Ajmer-Merwara cannot afford the higher administrative and specialist control required to make it a model. Nor do we feel confident that this objection can be met by central institutions. In some cases, at least, the Darbars have shown a preference for borrowing, as occasion demands, British officers for occasional purposes to being tied down to support and share in any central institution or office. Further the fact that Ajmer-Merwara can only carry on its administration by extensive borrowing of officers from other provinces would also appear to render impossible its pretence to be

an ideal unit. It may be that without merger Ajmer might be an example in many respects to Rajputana; but it would certainly have grounds for complaint if its advancement were sacrified to its educative effect on the surrounding States. The chief objection to merger is that the people have not yet become sufficiently familiarised with the idea of merger, and this objection can only be met by a transitional stage during which its administrative and judicial systems may be assimilated to those of the United Provinces. We cannot be expected in this report to consider in detail the effect of merger on the various branches of the administration. This could only be worked out in the several departments, and we must refer to the opinions of the officers of the several departments for an idea of the particular effects of merger. Such problems as they suggested were likely to arise from merger were of minor importance and not incapable of solution. As to the effect of merger from a financial point of view, it is unlikely that it will be more expensive than the present system with the addition of a Judicial Commissioner. The only existing central institutions are the Mayo College and a small Normal School. The Mayo College will remain an imperial institution and in this way be little affected. The Normal School will doubtless continue to admit pupils from all Rajputana.

13. *Conclusions.*—We are now in a position to answer the questions raised by the terms of reference (see paragraph 2), and in doing so it will be convenient to arrange our replies according to the paragraph of these terms In considering the reasons for and against the merger (the preference for which term to retransfer we have explained in paragraph 12) of Ajmer-Merwara in a larger province, we confine ourselves to the possibility of its merger in the United Provinces. Neither the terms of reference nor the opinions collected by us suggest merger in any other province, and the United Provinces, both on geographical and historical grounds, are clearly the only larger province in which it would be fitting to include Ajmer-Merwara. The province has always borrowed a larger number of its officers from the United Provinces than from any other Province and has exclusively borrowed its settlement officers therefrom.

(1) Merger is the only means of securing to the province complete participation in the Reforms and administrative efficiency. An advisory board to the Chief Commissioner is not likely to satisfy political aspirations for long, and a legislative council for Ajmer-Merwara is impracticable on various grounds (see paragraph 8). Immediate merger, however, is not desirable, in view of the inability of Ajmer-Merwara to participate by merger in the Reforms during the life of the present Legislative Council of the United Provinces.

I. (a) Administrative merger is desirable on the following grounds :—

(i) It will substitute in the superior posts of the administration officers trained in district administration for officers from the Political Department who are usually not so trained.

(ii) It will avoid the present system of extensive borrowing of officers for the superior posts from other administrations, which is open to obvious objections as a permanent measure

(iii) It will supply in certain branches of the administration specialist organisation and control, the want of which at present retards the progress of Ajmer-Merwara.

(iv) It will diminish the difficulty of obtaining suitable subordinates by extension of the area of recruitment and improvement of prospects.

(v) It will facilitate the transfer of clerks which is at times necessary.

Apart from local sentiment and opinion we fail to perceive any decisive objections to administrative merger, but in paragraph 12 we have discussed various objections that have been urged. As to judicial merger, there is a very strong feeling against it on the ground of the expense and trouble that would be entailed by litigants in prosecuting appeals and applications at Allahabad. This objection, however, could not be deemed decisive in the event of administrative merger. The province, if made a district of the United Provinces, could not with justification claim a Judicial Commissioner. The maintenance of a Judicial Commissioner being the only alternative method of relieving the Chief Commissioner of his judicial functions, it follows that judicial merger is a desirable concomitant of administrative merger. Judicial merger apart from administrative merger would not be acceptable to the people unless the appointment of a Judicial Commissioner was impracticable, and we do not recommend it. The Agent to the Governor General in Rajputana *does not require at present to be relieved of his* administrative (as opposed to his judicial) duties as Chief Commissioner, but circumstances may arise which will make this relief also necessary (see paragraph 7).

I. (*b*) The sentiment of the various classes of population (in particular that of the Istimrardars) is against merger, but is less intense than might have been anticipated (see paragraph 11). The vision (of the Istimrardars) of Ajmer becoming an ideal State and the capital of Rajputana is impracticable. There is a strong leaven of advanced thought in favour of merger; and this is likely to spread through all classes. The demand for judicial reform is so insistent, that if it cannot be satisfied by the appointment of a Judicial Commissioner, either on *the grounds of expense or for any other reason, it is possible* that a large number of those against merger will be in favour of it.

I. (*c*) The sentiment of the Rajputana Darbars we are leaving to the Agent to the Governor General to indicate.

1. (*d*) The progress hitherto made in developing Central Institutions is not sufficient to afford an argument of any strength against merger

(2) If the strength of local opinion be considered prohibitive of judicial merger, Ajmer-Merwara could have a Judicial Commissioner, in the same way as Oudh has its court of a Judicial Commissioner. This would, however, be expensive, and Ajmer-Merwara as a district of the United Provinces could scarcely justify a claim to a Judicial Commissioner.

(3) If it should be decided not to hand over Ajmer-Merwara administratively to the United Provinces, the transfer of the judicial work to the Allahabad High Court would only be desirable, if it were held impossible to give Ajmer-Merwara a Judicial Commissioner. So long as Ajmer-Merwara is an independent province in the middle of Rajputana, a Judicial Commissioner is preferable to the transfer of the judicial work to the High Court at Allahabad, on the grounds that judicial merger when not accompanied by administrative merger would be anomalous and productive of difficulties, and that a Judicial Commissioner would be useful to Rajputana, and Central India as a whole, in ways that the High Court could not be.

(4) (*a*) (*b*) Although we contemplate merger as being desirable, it should not be carried into effect until the expiry of two years A Judicial Commissioner should be appointed at once, and an experienced Deputy Commissioner from the United Provinces substituted for the Commissioner. He should be given a gazetted assistant for Ajmer. One of the [illegible]

Rajputana in Public Works). The cost of the Judicial Commissioner will be met to some extent by the reductions suggested. The administration and the laws and rules should *be assimilated to those of the United Provinces. The only* share in the administration which can be given to the people, until merger, is an advisory board on an elective basis. The Judicial Commissioner, as suggested in the terms of reference, should be Judicial Commissioner for Rajputana and Central India conjointly, with jurisdiction over the Railway lands, Abu and Administered areas. There would then be sufficient work for him until the completion of the reform of the subordinate courts and of the amendment and consolidation of the Ajmer Statute Book. The statistics at present available render it doubtful if there would be enough work thereafter, but it seems advisable to defer a conclusion on this question until experience has been gained of the actual volume of

work which (on the supposition that a Judicial Commissioner will be appointed temporarily) he will be called on to perform.

To sum up, merger appears to us to be the most effective and the least expensive method of securing to the province administrative efficiency and participation in the Reforms, but should not be carried into effect until the expiry of two years. The opposition expressed to merger is mainly due to an instinctive conservatism or to the apprehension of imaginary or improbable disadvantages, and is neither so extensive nor so intense as to stand in the way. At the same time it must be admitted that the population on the whole appears to be quite content with the present régime, except so far as they desire that their appeals should be heard and their subordinate Courts supervised by a wholetime officer of legal knowledge and experience, and except so far as a minority desires participation in the Reforms. Paradoxical as it may sound, increase of efficiency in the administration is the strongest reason for merger and the contentment of the people with the administration as it is the strongest reason against it. If this contentment, however, is to be held a sufficient reason for things being left as they are, the people of Ajmer-Merwara must understand that they cannot be given real participation in the Reforms.

We have the honour to be,

Sir,

Your Most Obedient Servants,

G. R. KHANDEKAR,

S. B. PATTERSON,

Lieut.-Colonel,

E. H. ASHWORTH.

NOTE BY RAI SAHIB MUNSHI MITHAN LAL.

On some salient points I beg to differ from the conclusions arrived at by the other three members of the committee in their report. With the introductory and historical portion of the report I am in complete agreement. Against the immediate measures advocated by them for the reform of the judicial and administrative systems I have nothing to urge. The most important point on which I differ from them is that I do not concur in the opinion expressed that the sentiment of the people against merger is not so intense or extensive as to stand in its way. It is true that the highly educated minority are, on the whole, in favour of merger and are likely to become more pronouncedly in favour of it. But I am of opinion that the wish of the very substantial majority consisting of the Istimrardars, who represent the Istimrari population as

1. (d) The progress hitherto made in developing Central Institutions is not sufficient to afford an argument of any strength against merger.

(2) If the strength of local opinion be considered prohibitive of judicial merger, Ajmer-Merwara could have a Judicial Commissioner, in the same way as Oudh has its court of a Judicial Commissioner. This would, however, be expensive, and Ajmer-Merwara as a district of the United Provinces could scarcely justify a claim to a Judicial Commissioner.

(3) If it should be decided not to hand over Ajmer-Merwara administratively to the United Provinces, the transfer of the judicial work to the Allahabad High Court would only be desirable, if it were held impossible to give Ajmer-Merwara a Judicial Commissioner. So long as Ajmer-Merwara is an independent province in the middle of Rajputana, a Judicial Commissioner is preferable to the transfer of the judicial work to the High Court at Allahabad, on the grounds that judicial merger when not accompanied by administrative merger would be anomalous and productive of difficulties, and that a Judicial Commissioner would be useful to Rajputana, and Central India as a whole, in ways that the High Court could not be

(4) (a) (b) Although we contemplate merger as being desirable, it *should not be carried into effect until the expiry of two* years A Judicial Commissioner should be appointed at once, and an experienced Deputy Commissioner from the United Provinces substituted for the Commissioner. He should be given a gazetted assistant for Ajmer. One of the two Executive Engineers could be abolished (see the evidence of Mr. Spilsbury, Superintending Engineer of Ajmer-Merwara and Secretary to the Agent to the Governor General for Rajputana in Public Works). The cost of the Judicial Commissioner will be met to some extent by the reductions suggested. The administration and the laws and rules should be assimilated to those of the United Provinces. The only share in the administration which can be given to the people, until merger, is an advisory board on an elective basis. The Judicial Commissioner, as suggested in the terms of reference, should be Judicial Commissioner for Rajputana and Central India conjointly, with jurisdiction over the Railway lands, Abu and Administered areas. There would then be sufficient work for him until the completion of the reform of the subordinate courts and of the amendment and consolidation of *the Ajmer Statute Book. The statistics at present available* render it doubtful if there would be enough work thereafter, but it seems advisable to defer a conclusion on this question until experience has been gained of the actual volume of

THE POSITION OF THE GOVERNOR IN REGARD TO INDIAN STATES NOT IN DIRECT RELATIONS WITH THE GOVERNOR-GENERAL IN COUNCIL.

The position of the Governor in regard to Indian States not in direct relations with the Governor-General in Council.

The recommendation of the Joint Authors.

1. In paragraph 310 the Joint Authors of the Report on Indian Constitutional Reforms recommended that for Indian States left for the time being in political relations with provincial Governments the Head of the province should in each case act in his relations with the States as agent for the Central Government, and that relations with the Indian States should not be matters of provincial concern in the sense that they were intended ever to be transferred to the control of the legislative council The idea underlying this suggestion was that the Governor as Agent to the Governor-General would act independently of his Council.

Arrangements made in pursuance of that recommendation.

2. In accordance with this recommendation the Governors of Bengal and of the United Provinces were appointed to act as Agents to the Governor-General for the purposes of the Indian States situated respectively in the Bengal Presidency and in the United Provinces. Similarly, the Governors of the Central Provinces, of Bihar and Orissa and of Assam were appointed Agents to the Governor-General in their personal capacity for the States situated respectively in those three provinces. The Governor of the Punjab was appointed Agent to the Governor-General for those States in that province which were not taken over by the Government of India when the Punjab States Agency was formed. No similar appointment was necessary in the case of the Governor of Madras, since all the States in the Madras Presidency had been taken into direct relations with the Government of India.

The legality of the arrangements questioned by the Government of Bombay.

3. The Governor of Bombay declined to accept an appointment on similar lines as Agent to the Governor-General for the States in that Presidency not taken into direct relations with the Government of India, and the Government of Bombay questioned the legality of the arrangement suggested for the Bombay States and already introduced elsewhere. This protest led to a re-examination of the whole question. The conclusion reached was that the effect of rules 3 and 46 of the Devolution Rules, read with clauses (*a*) and (*c*) of sub-section (1) of Section 45A of the Government of India Act was to require central subjects to be administered either directly or through the agency of a Governor in Council. The only way in which it was possible to utilise the agency of the Governor as distinct from the Governor-in-Council was by requiring him to administer such subjects not as an agent, but as a direct employé of the Governor-General in Council. Such a course would, however, place the Governor on the same footing as an Agent to the Governor-General or other officer in the Political Department of the Government of India, a position inconsistent not only with the dignity, but also with the constitutional status of the Governor of a province. In the circumstances it was decided, with the approval of the Secretary of State, that the appointment of Governors in their personal capacity as Agents to the Governor-General was constitutionally inappropriate,

and that in future the agency of the Governor in Council should be used for the purpose.

4. Instructions to that effect were communicated in June 1924 to the Governments of Bombay, Bengal, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces and Assam. In practice the appointment of the Governors of provinces in their personal capacity as Agents to the Governor-General had made no difference in the disposal of the business connected with the States. Even before the Governors were so appointed they had, as a matter of fact, retained the political portfolio in their own hands, and since the issue of the revised orders in 1924 the same practice has continued. Revised instructions issued to provincial Governments.

5. The position adopted by the Government of India is that the existing arrangement may well hold good for the present; but that, if and when constitutional development necessitates a change in the existing practice, (and provided that there are still States not in direct relations with the Government of India) the question of appointing separate Agents to the Governor-General should be considered. The use of Governors, in their personal capacity, as such Agents would depend on whether it could be found appropriate to amend the Government of India Act and the Devolution Rules in such manner as to enable a Governor as distinct from a Governor-in-Council, to administer States as a central subject on behalf of the Governor-General-in-Council. Conclusion.

THE PUBLIC SERVICE COMMISSION.

TABLE OF CONTENTS.

The Public Service Commission.

Early discussions about a Public Service Commission.

The Public Service Commission was established in the autumn of 1926. *It has therefore been working for rather less than two years.* Long discussions had preceded its establishment. Section 96C of the Government of India Act, provided for the establishment of a Public Service [illegible] Service Commission was first formulated in the memorandum presented by the Government of India to the Committee on Division of Functions and reproduced as Annexure IV to the Committee's Report. The principle which underlay the recommendation contained in this memorandum was that under the new constitution it was necessary to protect the services, whether All-India or provincial, from political influences. After the introduction of the new constitution discussions proceeded for some time with a view to the establishment of a Commission. But the functions proposed for the Commission at that time were practically restricted to recruitment for the services in India, and with the local Governments generally resenting suggestions to extend its powers to cover recruitment for the provincial services, there seemed to be few useful duties for this body to perform, and the discussion eventually dropped.

Establishment of the Commission. Its general powers.

2. The proposal was revived strongly by the Lee Commission, who suggested a considerable extension of functions beyond the supervision of recruitment which had been most prominent in the earlier discussions. The Lee Commission's recommendations formed the subject of careful consideration by the Government of India and the Secretary of State. It was decided that the Commission should not be given the powers of control contemplated by Section 96C of the Government of India Act, and that it should be set up in the first instance at any rate as an advisory and not an executive body. A convention, however, has been established that in the exercise of its *quasi*-judicial functions, which consist mainly

of disciplinary appeals, the advice of the Commission, though not formally binding on the Government of India, should be accepted save in exceptional circumstances, while in the same way the Government of India accept the selections made by the Commission for appointment of candidates by nomination, subject to any special directions that may be given to the Commission in regard to the class of candidates to be nominated. It was considered important, however, to maintain the constitutional position that the Government of India were in the last resort responsible for appointments and discipline. Moreover, in cases other than those covered by the conventions described above such as questions of policy in regard to recruirment, or the determination of conditions of service, the Government of India, while attaching full weight to the advise of the Commission maintain their freedom to form their own opinion

3 The functions of the Commission cover the following main subjects —recruitment, disciplinary appeals, representations about particular grievances or claims for compensation by officers and general questions connected with conditions of service such as pay, allowances and pensions The functions of the Commission in respect of these matters are confined primarily to the All-India Services and the Central Services, Class I. A brief account will be given of the way in which these functions are being carried out and the position which the Public Service Commission has achieved in relation to the Government of India and the members of the Services.

Recruit for All-I and Cen Services

4. In regard to recruitment for the All-India and the Central Services, the actual process of recruitment has been placed practically entirely in the hands of the Commission. In respect of competitive examinations, the Commission advise generally on the methods of recruitment, on the qualifications of candidates the conditions of admission to the examination and the syllabus The advice of the Commission carries the weight that naturally attaches to their position, and in many cases is decisive. Where, however, questions of general policy arise, the Government of India are bound to form their own conclusions after giving careful consideration to the views of the Commission. For instance the methods of recruitment to the Indian Civil Service involve questions not only of great administrative importance, but of acute political interest, which require the most careful attention of the Government of India and the Secretary of State. The actual conduct of the examinations in India is, wholly in the hands of the Commission. In regard to nomination the Commission carry out the whole procedure, and in effect, as a result of

[illegible]

contrary to the advice of the Commission. The Government have retained the right to request the Commission to select candidates with particular qualifications or from a particular community. But when once these directions have been given the Commission are solely responsible for the selection. In regard to promotions from one service to

another, it is provided that the Commission must give a certificate of fitness, though the proposals actually originate with the executive authorities. It will be seen that the important object of protecting from all personal influences recruitment to the All-India Services and Central Services, Class I, has been by the establishment of the Commission completely attained. and save in so far as it is considered necessary on grounds of general policy to ensure that the minority communities are not excluded from the services, the selection of individuals rests wholly with the Commission. This change of system was advocated primarily as a protection against the dangers that have been found to attend the development of democratic institutions; but in the Government of India, the change has preceded responsible Government, and the significant fact is that by the establishment of the Public Service Commission the official Government has in effect parted with its powers of patronage. This is a very important change and one the effect of which should not be underestimated.

Disciplinary appeals.

5. In disciplinary cases again the Public Service Commission has been *established in a position of great authority. It is obligatory for the* Government of India to take its advice before passing orders on any statutory appeal from an officer in a disciplinary case and, as stated above, the convention has been established that the recommendations of the Commission should be accepted save in exceptional circumstances. In effect therefore the Public Service Commission has been set up as the appellate authority in disciplinary cases against the orders of the Government or authority under which the officer is serving.

Advice on memorials and general service questions.

6. These are the two main fields in which the authority of the Commission has been plainly established, with a marked effect on the administration. The other functions of the Commission in respect of complaints about conditions of service or general questions of pay, pensions, leave, etc., are exercised only when the Government of India invite the opinion of the Commission. In regard to memorials from members of the services the practice has been to refer to the Commission such memorials as raise important or doubtful points of principle, but not those in which the answer appears clear. An example, of an important question of general principle which has been referred to the Public Service Commission is the seniority to be assigned to provincial service officers on promotion to the Indian Police Service or to hold listed posts on the Indian Civil Service cadre. This is a point of great complexity to which members of the Indian Civil Service and Indian Police Service attach special importance. It has now been before the Public Service Commission for some 18 months. Other important general questions referred to the Commission have been the principles to be followed in increasing the number of listed posts in the Indian Civil Service and the Indian Police Service to the full percentage recommended by the Lee Commission, and the treatment in respect of pension of war Service candidates who entered the Services at the conclusion of the war. It does not appear that any general problems of revision of pay, pensions, leave rules, etc., of the All-India and Central Services have as yet been

referred for the advice of the Commission. It must be remembered in the first place that most of the important questions under this heading were considered in 1924 by the Lee Commission, and an authoritative decision on them was given before the Public Service Commission came into being. Further, the Commission is still a comparatively new body, not conspicuously strong in Indian administrative, experience and occupied with many problems which at the outset were quite new to the majority of the Members. The Government of India deliberately refrained from throwing upon the Commission at the beginning a burden of work which they might have found difficulty in meeting. But now that the Commission has fully established itself and has begun to form its own traditions and to gain acquaintance with the administrative working of the services, it would seem that the time has come to utilise the Commission more freely in advising generally on all kinds of service problems

Examination of suggestions for increasing powers of Commission.

7. The Statutory Commission have received suggestions that much greater powers should be conferred on the Public Service Commission in regard to the matters dealt with above It is suggested that the Commission should be the absolute authority for determining methods of recruitment, that they should decide the preliminary qualifications of candidates and the age limits, that they should determine the syllabus of examinations, that they should organize and hold examinations as and where they please; that, in the case of candidates to be appointed by nomination, they should not only select the candidates, but should determine what qualifications are required. Suggestions such as these appear to the Government of India to ignore the special characteristics of the main services in India, and to proceed much too closely on English analogies which do not apply. It is perhaps not fully realised how important is the part which the public services in India play in the life of the people and the whole organization and structure of Government, and how closely the Government of India and the Local Governments are concerned in the proper selection of individuals for these services. While the Public Service Commission obtain a close acquaintance with the candidates for the public services, as they exhibit themselves at competitive examinations or in special interviews, and are in a good position to discriminate between their intellectual qualifications and to advise as to the best methods by which those qualifications can be tested, they are, as a Commission, without first hand experience as to how these candidates work when they once enter the services, what qualities prove later of the greatest value to the administration, how the different types of public servant are regarded by the people among whom they work, what are the political reaction of methods of recruitment which certain sections of the community regard as restricting their prospects of obtaining public employment, what are the practical and political effects of Indianisation. All these are matters with which the Public Service Commission not only does not, but cannot, concern itself. While, therefore, the Government of India are largely guided by the advice they may receive from the Public Service Commission on what may

be described as the technical side of recruitment, they feel very definitely that they could not consistently with their general responsibilities for the administration of the country part with their voice in such questions as the methods of recruitment of the principal services under their control. Moreover it is sometimes forgotten that in problems, for instance, which concern the All-India Services not only are the Government of India bound to exercise their judgment to the best of their ability, but the local Governments are most intimately concerned and are entitled to be heard, and the final decision rests with the Secretary of State. If advice tendered by the Public Service Commission is not always accepted, it must not be assumed that it is rejected or modified without the most careful consideration, and in many cases on grounds which could not be expected to weigh strongly with the Commission. It is the definite policy of the Government of India to accept the advice of the Commission on points connected with recruitment, wherever this is possible.

8. In regard to appeals in disciplinary cases. the position of the Public Service Commission appears to be satisfactory, and it does not seem that there can be any serious ground for complaint. The Government of India fully realise the advantages of the new system. and it is believed that it is winning the confidence of the members of the Services concerned. In regard to grievances and general service questions, while the Government of India feel that it would not be consistent with their position to allow the members of the services direct access to the Commission or to allow the Commission to originate proposals for re-organization of conditions of service, they are nevertheless disposed to think that more use can be made of the Commission with a view to its becoming

constituted cannot be expected to find itself at once in that position. The Government of India, however, are anxious to refer more questions

Relations of the Commission with the Provincial Governments.

9. It has been mentioned in an earlier part of this Memorandum that one of the rocks on which the original proposals for the constitution of a Public Service Commission foundered was the proposal to introduce the Commission into the provincial sphere. The feeling on this point was generally so strong in the Provincial Governments that the Government of India felt the wisest course was not to attempt to thrust the services of the Commission upon provinces which did not desire them, but to permit and encourage provinces to make use of the Commission voluntarily. It is therefore provided that the Commission may perform such functions in regard to the recruitment of the provincial services as the local Government may invite it to undertake. In the same way the Governor may before considering an appeal from a member of a provincial service consult the Commission. It is understood that where the loca- Governments make use of this option in respect of nomination or disci

plinary appeals they should be bound by the same convention which the Government of India have adopted for themselves of normally accepting the Commission's advice. So far, however, there have not been many signs of the Provincial Governments desiring to utilise the services of the Commission and the line of development, which seems to appeal more strongly to the Provincial Governments is that Provincial Public Service Commissions should be set up which would carry out in respect of the provincial services the same kind of functions in regard to recruitment, disciplinary appeals and memorials that the Central Commission performs for the All-India and Central Services.

Machinery of recruitment in the Provinces.

10 The whole situation must be regarded at present as transitional. The delegation of powers to Provincial Governments to make rules for the recruitment of the provincial services includes a stipulation that in making first appointments they must either use the method of competitive examination or take the advice of a permanent Board of Selection appointed by the Local Government or utilise the Public Service Commission It was at one time suggested by the Government of India that the Public Service Commission should be given power of regular inspection of the local machinery for recruitment. The Secretary of State, however, decided that in the first instance Local Governments should be given the opportunity of establishing some independent recruiting body, and he explained that unless satisfactory arrangements were made for protecting from political influence the recruitment of the provincial services, he would feel at liberty to require a Provincial Government to utilise the Central Commission for this purpose Permanent selection boards have up to date been constituted by the Bengal and Burma Governments.

Possibility of developing, Local Public Service Commissions.

11. The present line of development therefore is in the direction of setting up in each province an independent recruiting body, which in some provinces may develop into a regular local Public Service Commission by the addition to its recruitment functions of powers in respect of disciplinary appeals and advice on service matters generally, parallel to those which are exercised by the Central Commission. The Government of Madras, in which Presidency appointments to the services have been one of the primary political interests, have already forwarded proposals for the establishment of a local Public Service Commission, which are at present under the consideration of the Secretary of State. It is doubtful whether conditions in all Provinces would justify the setting up of regular local Commissions; but useful experience may be gained from the constitution of Commissions in those provinces where the problem of protecting the services from political influences is of most pressing importance.

Future developments in the Provinces.

12. Even when satisfactory recruiting arrangements have been established in all provinces it may still be considered desirable that the disciplinary appeals of members of the provincial services should be dealt with by some outside body. This would be either the Central Commission, if the Local Governments are prepared to accept its services,

or a local Commission. It is difficult at the present stage to express any definite views as to the future development of local Commissions or their relations, if any, with the Central Commission. When the Local Governments have established, as will shortly be the case, their machinery for recruitment, the question will no doubt fall to be considered again. It is essential that protection should be provided for the provincial services, the importan.e of whose duties is steadily increasing. But until some experience has been gained of the different expedients by which such protection can be secured the Government of India would hesitate to say either that the Central Commission must be utilised or that the work in the Provinces must be supervised by the Central Commission. It may be necessary, however, to see that any new constitutional arrangements for the Provinces are accompanied by perfectly specific statutory provisions requiring the establishment of satisfactory machinery to secure for the provincial services in recruitment and in disciplinary matters the same kind of protection that is now afforded to the members of the All-India Services and the Central Services by the working of the Public Service Commission.

NOTE ON THE STATUS AND POSITION OF INDIA IN THE BRITISH EMPIRE.

TABLE OF CONTENTS.

Note on the status and position of India in the British Empire.

I. Goal of British policy in India.

The gradual development of Self-Governing institutions with a view to the progressive realisation of responsible Government in British India as an integral part of the British Empire is the declared policy of Parliament. The first stage in the direction of establishing responsible Government was prescribed by the Government of India Act, 1919. But India is not yet a Self-[illegible] like Canada or Australia. She does not, at prese[illegible] the Dominions which, in th[illegible] Imperial Relations Committee, adopted by the Imperial Conference of 1926, "are autonomous communities, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations." The Governor General of India does not hold "in all essential respects the same position in relation to the administration of public affairs" in India as is held by His Majesty the King in Great Britain.* The Government of Indiahas not the right to advise the Crown in all matters relating to its own affairs. Legislation by Parliament at Westminster applying to India is not dependent on the consent of India. Nor is India entitled to accredit a Minister Plenipotentiary to the Heads of Foreign States. Nevertheless, India's position is more advanced than that of other non-autonomous parts of the Empire in certain important respects:—

(i) India has representation on the Imperial Conference,

(ii) India is an original member of the League of Nations, and

(iii) In fiscal matters, a convention has been established that the Secretary of State for India should, as far as possible, avoid interference when the Government of India and the Indian Legislature are in agreement.

* Report of Inter-Imperial Relations Committee, 1926.

2. India's representation at Imperial Conferences started in 1917. In that year His Highness the Maharaja of Bikaner, Lord (then Sir James) Meston and the late Lord (then Sir S. P.) Sinha were appointed to *assist* the Secretary of State for India, who was the principal representative. The Conference, on the motion of Sir Robert Borden, passed the following resolution :— II. India's representation at Imperial Conferences.

> "The Imperial War Conference desires to place on record its view that the resolution of the Imperial Conference of April 20th 1907, should be modified to permit of India being fully represented at all future Imperial Conferences and that necessary steps should be taken to secure the assent of the various Governments in order that the next Imperial Conference may be summoned and constituted accordingly."

The Resolution of 1907 specifically confined Imperial Conferences to "His Majesty's Government and the Governments of the Self-Governing Dominions beyond the seas." Prior to 1917, there had been Colonial Conferences in 1887, 1897, 1902 and 1907 and an Imperial Conference in 1911 In 1887, the Secretary of State for India attended the formal opening meeting of the Conference. In 1897 and 1902, he neither attended nor was represented In 1907, a nominee of the Secretary of State for India was permitted to attend the meetings, not as a member of the Conference, nor as the representative of India, but on behalf of the India Office, and with a view to the representation of Indian interest. In 1911, the Secretary of State for India was present at a meeting, but India herself had no recognisd place in the Conference. The object of the 1917 Resolution was to enable India to be represented at future sittings with the same right of speech and vote as was accorded to representatives of the other participating Governments Its acceptance marked "an immense advance in the position of India in the Empire," and admitted "the Government of India to full partnership in the Councils of the Empire" with the Self-Governing Dominions.* India was represented at the Imperial War Conference of 1918, and at the Imperial Conferences which were held subsequently in London in 1921, 1923 and 1926.

3. India's relations with other parts of the Empire remain more or less unaffected by her membership of the League, since His Majesty's Government have always insisted that a convention of the League cannot be interpreted as regulating in any way the rights and obligations *inter se* of the Governments of the Empire. Nor can disputes arising between such Governments be referred to the League for settlement. The implications of India's membership of the League in respect of her relationship with the non-British members of that body are outside the scope of this Memorandum, which deals only with India's status and position in the British Empire. Mention may, however, be made in passing of the fact that India's membership of the League III. India's Membership of the League of Nations.

* Reply by the Secretary of State for India to Mr. Charles Roberts in the House of Commons: 23rd May 1917.

places her in a unique position among all *non-Self-Governing States*, Dominions or Colonies throughout the world. As a signatory named in the Annex. to the Covenant she is an original member by virtue of paragraph 1 of Article 1 of the Covenant. She is the only original member who is not Self-Governing and in virtue of the restriction under paragraph 2 of Article 1 on the admission of members other than original members to Self-Governing States, Dominions or Colonies, she will remain the only member which is not Self-Governing so long as the present constitution of the League endures.

On all questions coming before the League India has exactly the same rights as any Self-Governing Dominion. The Secretary of State for India is ultimately responsible for appointment of Indian delegates and for their instructions, but in practice he and the Government of India act jointly in consultation and agreement with one another. To this extent, therefore, the views of the Government of India are subject to those of His Majesty's Government and India's position is inferior to that of the Self-Governing Dominions who, as already stated, are in no way subordinate to Great Britain in any aspect of their domestic or external affairs. But it should be noted that partly as a result of her membership of the League and partly owing to Resolution No. IX, adopted by the Imperial War Conference of 1917, recommending *inter alia*, recognition of the right of the Dominions and of India to an adequate voice in foreign policy and foreign relations, India has been given the same right of representation as the Dominions at all International Conferences where the Empire is represented by a combined Empire Delegation.

IV. India's position in the sphere of Foreign Policy.

4. Though India, unlike the Self-Governing Dominions, does not [illegible] much less extent, the existence of French and Portuguese possessions within the Indian Sub-Continent are immediately responsible. It is true she is not entitled to accredit Ministers to Foreign States. Yet His Majesty's Minister at Kabul was appointed from the Indian Political Department; so was the British Envoy at the Court of Katmandu and also the officer in charge of His Majesty's Government's relations with Tibet; and India supplies consular officers in *Afghanistan, Persia*, Arabia and Kashgar. With His Majesty's Government's relations in *all these areas the Indian Foreign Office is intimately concerned* and advises His Majesty's Government on them continuously. And His Majesty's Government's policy in them is framed in close and constant consultation with the Government of India. Generally speaking, the interests of India are, of course, the interests of the Empire.

V. India's fiscal autonomy.

5. The Joint Committee on the Government of India Bill, 1919, was of opinion that nothing was more likely to endanger the good relations between India and Great Britain than a belief that India's fiscal policy was dictated from Whitehall in the interests of the trade of Great Bri-

tain, India's position in the Imperial Conference had also opened the door ... but negotiatio ... effective. For t ... rnment of India should be granted liberty to devise those tariff arrangements which seemed best fitted to India's need as an integral portion of the British Empire. This could not be done by Statute without limiting the ultimate power of Parliament to control the administration of India and without limiting the power of veto which rests in the Crown. It followed that fiscal autonomy could be assured to India only by the acknowledgment of a Convention, and the Committee accordingly recommended that in order that a Convention of this kind might grow up, the Secretary of State should, as far as possible, avoid interference when the Government of India and Legislature were in agreement, and that his intervention, when it did take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangements within the Empire to which His Majesty's Government was a party. Mr. Montagu accepted the principle of this convention. The Secretary of State, however, subsequently stated that the convention should not be understood as limiting his responsibility for doing what was essential to safeguard Imperial interests or to determine the position of the Indian Government in respect of questions arising between India and other parts of the Empire.

VI. India's relations with other parts of the Empire.

6. India also enjoys the privilege of—

(a) Direct negotiation and correspondence with the Governments of the Self-Governing Dominions, subject to certain limitations; and

(b) Representation in other parts of the Empire by means of—

(i) Agents; and

(ii) Trade Commissioners.

(a) *Negotiation and correspondence.*—The Government of India may address a direct communication to any British authority within the Empire on matters involving questions of fact or of Indian interest, but if these matters are such as may eventually raise important questions of policy involving a reference to the Secretary of State for India or to His Majesty's Government, care must be taken that the correspondence is not conducted in such a manner as in any way to prejudice or hamper the free consideration of the whole matter by the Secretary of State for India or by His Majesty's Government, should the necessity for such a reference subsequently arise. These restrictions have been prescribed by the Secretary of State for India in exercise of his power of superintendence, direction and control vested in him under Section 2 of the Government of India Act, and result from his position as a member of His Majesty's Government who are responsible for Imperial and foreign affairs. Certain relaxations, in practice, have, however, been allowed :—

(1) The Government of India have been given specific authority to communicate direct with the Government of the Union of South Africa in regard to the position of Indians in the Union. This permission has been utilised, not only for purposes of correspondence, but also (*a*) for direct negotiation, through representatives appointed by the Government of India, with representatives appointed by the Government of South Africa, and (*b*) to appoint an Agent in South Africa to watch over Indian interests.

(2) When the assisted emigration of unskilled labourers to any country is made lawful by notification under Section 10 of the Indian Emigration Act (Act No. VII of 1922), the Government of India may thereafter correspond direct with the British authorities in any such country *on matters of detail*, arising therein out of the subsequent administration of this Act, or affecting the welfare of such emigrants or their descendants in such country.

(3) In cases of urgency, the Government of India may address communications direct to Dominion Governments asking (*i*) merely for information, or (*ii*) for time to consider proposals likely to affect Indians. Copies of all such communications have to be supplied promptly to the Secretary of State for India, and, as regards (*ii*), no representations as to the proposals of a Dominion Government can actually be made except in consultation with the Secretary of State, unless specific authority for making representations direct has been obtained from him.

(*b*) *Representation of the Government of India in other parts of the Empire.*—Under Section 7 of the Indian Emigration Act (Act No. VII of 1922), the Governor-General in Council is empowered to appoint Agents in any place outside British India for the purpose of safeguarding the interests of emigrants—the term "emigrant" being defined as any person who emigrates or has emigrated under the Act, and his dependents In exercise of this power, Agents have been appointed in Malaya and Ceylon to which countries emigration for purposes of unskilled work as defined in this Act is allowed. An Agent was also appointed in South Africa in June 1927. This appointment was, however, made at the request of the Government of the Union of South Africa and is not covered by the provision in the Indian Emigration Act (Act No. VII of 1922) already quoted.

VII. India's position as regards commercial treaties.

7. It is also necessary in this Memorandum to say a word about India's position within the Empire as regards commercial treaties. It has been the practice of the Dominions to [illegible] ments with one another and with the U[illegible] India to make similar arrangements appe[illegible] the Joint Committee that "India's position in the Imperial Conference opened the door to negotiation between India and the rest of the

Empire."* Hitherto the right has never been exercised, but proposals have, from time to time, been discussed, more especially with reference to the policy of Imperial Preference, and, in particular, the preferential treatment of goods from the United Kingdom.

As regards commercial agreements with foreign countries, India has not the power which the Dominions have to enter into direct negotiations. Since she has no separate diplomatic representation abroad, she would have to utilise the Foreign Office machinery. But subject to the reservations to the fiscal autonomy convention, the Government of India could, if they wished, advise the negotiation of separate commercial treaties to suit India's special requirements and such treaties could be concluded, signed and ratified in respect of India alone.

India has separate commercial conventions of long standing with France and Japan. These are, however, really to be described as conventions between Great Britain and France and Japan respecting commercial relations between India and the Foreign States in question. India has also a recent *modus vivendi* with Greece regulating the tariff treatment of the goods of the respective countries pending the conclusion of a formal agreement. The negotiations in each of these cases were, in accordance with the procedure referred to above, conducted by the Foreign Office on behalf of the Government of India.

Ordinarily, commercial treaties between the United Kingdom and foreign countries contain a clause enabling other parts of the British Empire, including India, to adhere to them at their option. The formula adopted is as follows:—

"Stipulations of the present treaty shall not be applicable to India or to any of His Britannic Majesty's Self-Governing Dominions, Colonies or Possessions or Protectorates unless notice is given by His Britannic Majesty's representative at........ of the desire of His Britannic Majesty that the said stipulations shall apply to any such territory."

In concluding these treaties, His Majesty's Government follow, as far as possible, the model form of treaty which has been drawn up in consultation with India and the Dominions. The advantage of this course is that, should India desire to accede to the treaties, she can do so with as few reservations as possible. The treaties also provide in most cases that, although the stipulations contained in them do not automatically apply to India, Indian goods shall receive most favoured-nation treatment so long as similar treatment is accorded by India to the goods of the other contracting party.

It is the practice of the Foreign Office to keep the Government of India informed through the India Office of any commercial treaties or negotiations in progress with foreign countries, to consult them on any points affecting India, and when the negotiations are complete, to ask

* Report of the Joint Select Committee on the Government of India Bill.

the Government of India definitely whether they desire to adhere to the resulting agreement.

At the Imperial Conference of 1923, a Resolution was unanimously adopted to the effect that any of the Governments of the Empire contemplating the negotiation of a treaty should give due consideration to the views and possible effect upon other Governments and should take steps to inform Governments likely to be interested of its intention and of any points arising during the negotiations. In sending a copy of this Resolution, the Secretary of State asked that the procedure laid down in it might be adopted at all stages of future negotiations undertaken by the Government of India. It is understood that this has reference to negotiations which the Government of India may be authorised by His Majesty's Government to undertake from time to time, as, for instance, in the case of treaties with the States on the land border of India.

The status of India within the Empire in regard to external commercial relations may thus be briefly stated to be as follows :—

Unlike the Dominions, she has not the right to conclude her commercial arrangements with foreign powers without reference to the Government in London, but it is recognised that she is an important portion of the Imperial Commonwealth, and that she has the right to be consulted in all important matters of common Imperial concern.

THE DEPRESSED CLASSES.

TABLE OF CONTENTS.

The Depressed Classes.

Introductory. 1. In their telegram dated the 3rd October, the Commission have asked to be supplied with a critical account of the total number of the depressed classes in British India, province by province, and the Commission suggest that the account should distinguish between and explain the various categories (giving numbers of each) which have been included from time to time amongst depressed classes both by champions of these classes and also by Government itself, census authorities and responsible bodies such as the Southborough (Franchise) Committee. The Commission have expressed the wish that this information should be supplied to them by the time that they arrive at Poona.

In the very short time allowed, it has not been possible to do more than collect and set out in the following paragraphs the information available with the Government of India. This information will itself indicate the difficulty of arriving at accurate estimates of so necessarily ill-defined a group as the "depressed classes" of the community. Though officers of Government have from time to time attempted to estimate the total number of the depressed classes in the country, the Government of India have consistently avoided themselves making any precise classification of the groups forming what are called the depressed classes, if only on the ground that owing to the social disabilities to which members of the depressed classes are exposed it would be in the highest degree undesirable that any official authorisation might appear to extend

to such classification. The fluidity of social distinctions and the efforts of the classes lowest in the scale, aided by social reformers to improve their status make it the more desirable that Government should abstain from doing any thing which would tend to give rigidity to these distinctions. There has accordingly been no official definition of any castes or tribes of the community as depressed classes and the question whether or not any group of the community is socially depressed or treated as untouchable is a matter of local custom. If therefore the Commission desire to investigate the question whether any particular caste or tribe should or should not be described as "depressed," their enquiries would presumably be made in the provinces concerned.

Reports of provincial Governments, 1917-18.

2. In 1916 in consequence of a resolution moved in the Imperial Legislative Council, the Government of India addressed local Governments to ascertain their views on the subject of the amelioration of the condition of the depressed classes. In the course of their letter they stated that some definition was required of the term "depressed classes." Apart from incidental references to the humbler sections of the community whose condition was largely due to poverty thet enor of the discussion in the Imperial Council was to include in this expression (*i*) criminal and wandering tribes, (*ii*) aboriginal tribes, and (*iii*) untouchables. The Government of India asked that the heads to be adopted by the local Governments should be (*a*) depressed classes (*i.e.* "untouchables"), (*b*) aboriginal and hill tribes, and (*c*) criminal tribes and that the actual castes or tribes in each group should be enumerated.

The following were the lists under the first category received in reply from local Governments :—

MADRAS.

District. (1)	Name of class (2)	Population. (3)
Ganjam	Haddis	28,201
	Bavuris	65,700
	Dandasis	44,089
	Medaris	20,511*
Vizagapatam	Malas	169,037
	Madigas	45,483
	Bavuris	1,366
	Dandasis	1,067

* The Presidency figures are given as these people are practically confined to this district.

District. (1)	Name of class. (2)	Population. (3)
Godavari	Malas	285,873
	Madigas	72,017
Kistna	Malas	306,804
	Madigas	154,369
Guntur	Malas	147,047
	Madigas	64,776
Kurnool	Malas	55,734
	Madigas	62,711
Bellary	Paraiyan	5,448
	Malas	12,915
	Madigas	85,356
	Holeya	13,195
Anantpur	Malas	25,711
	Madigas	102,442
Cuddapah	Malas	59,199
	Madigas	56,192
Nellore	Malas	168,416
	Madigas	80,670
Chingleput	Paraiyan	350,529
	Valluvan	4,704
	Chakkiliyan	9,626
	Malas	14,794
	Madigas	3,311
Madras	Panchamas	59,631
	Chucklers	1,184
	Sweepers and scavengers	*
Chittoor	Malas	164,528
	Madigas	17,299

* No separate information available.

District. (1)	Name of class. (2)	Population. (3)
North Arcot	Paraiya	303,081
	Malas	10,610
	Valluvans	8,720
South Arcot	Paraiyan	590,589
	Valluvan	17,405
	Chakkiliyan	18,348
Salem	Pallan	20,483
	Paraiyan	149,498
	Valluvan	3,947
	Malas	16,347
	Madigas	2,883
	Chakkiliyan	59,626
Coimbatore	Paraiyan	60,841
	Pallars	36,631
	Chakkiliyan	198,380
	Madiga	2,421
	Holeya	13,299
Trichinopoly	Pallan	144,855
	Paraiyan	168,965
	Valluvan	6,690
	Chakkiliyan	65,555
Tanjore	Paraiyan	336,208
	Valluvan	7,508
	Pallan	159,658
	Chakkiliyan	4,268
Madura	Pallan	136,685
	Paraiyan	99,917
	Valluvan	3,150
	Chakkiliyan	80,332

District. (1)	Name of class. (2)	Population. (3)
Ramnad	Pallan	143,761
	Paraiyan	58,762
	Chakkiliyan	36,423
Tinnevelly	Palan	193,219
	Paraiyan	98,431
	Chakkiliyan	29,155
South Kanara	Holeyas	106,688
	Koragas	4,391*
Malabar	Cherumas	247,855
	Paraiyan	14,857
	Nayadis	535
The Nilgiris	Kotas	1,163*
	Pallan	309
	Paraiyan	18,725
	Valluvan	347
	Chakkiliyan	1,300
	Cherumas	606
	Holeya	2,054
	Total	6,484,776

* No separate information available.

Province.	Caste or Tribe.	Population.
Bombay	Mahars, Holiyas or Dheds	1,081,710
	Mangs or Madigs	227,697
	Chambhars, Chamars or Mochis	211,853
	Bhangis	91,856
	Dhors	10,916
	Khalpas	6,507

Province.	Caste or Tribe.	Population
Bombay—cont'd.	Shindhavas	4,265
	Turis	711
	Kolghas	375
	Total	1,635,896
Bengal	Bagdi	1,015,738
	Bauri	313,654
	Bhuinmali	91,973
	Bhuiya	69,044
	Bhumij	90,282
	Chamar	136,533
	Dhoba	228,052
	Dom	173,991
	Dosadh	45,863
	Hari	173,706
	Kaora	112,281
	Kora	46,497
	Mal	108,163
	Muchi	455,236
	Munda	67,252
	Namasudra	1,908,728
	Oraon	165,337
	Pod	536,568
	Santal	660,420
	Sunri	119,325
	Tiyar	215,270
	Total	6,742,913
United Provinces	Dhobi	623,049
	Rangrez	34,012
	Rangsaz	79

Province.	Caste or Tribe.	Population.
United Provinces—*contd.*	Kori	850,882
	Balahi	454
	Saiqalgar	1,250
	Raj	2,827
	Babehya	34,211
	Dhanuk	120,280
	Sunkar	9,406
	Tarmoli	59
	Bajgi	5,818
	Gharami	142
	Bhangi	397,861
	Balahar	1,988
	Bansphor	7,292
	Bengali	1,214
	Domar	7,764
	Chamar	6,076,081
	Khatik	181,873
	Total	8,374,542
Bihar and Orissa	Dom	154,320
	Halalkhor	18,586
	Hari	98,084
	Mehtar	7,724
	Turi	43,360
	Ahir Gaura	40
	Bauri	158,262
	Chamar	31,661
	Dhoba	91,612
	Ghasi	8,210
	Ghusuria	1,072
	Gokha	44,873

Province	Caste or Tribe.	Population.
Bihar and Orissa—*contd.*	Kandra	148,671
	Kela	6,103
	Mahuria	1,849
	Pan	199,519
	Muchi	1,125
	Siyal	6,030
	Ganda	87,717
	Total .	1,109,724
Central Provinces	Balahi	52,314
	Basor	52,947
	Chamar	901,549
	Dhobi	165,427
	Ganda	151,787
	Ghasia	43,142
	Katia	41,311
	Kori	39,628
	Kumhar	118,520
	Mehra	1,165,177
	Mang	83,575
	Mehtar	29,010
	Panka	214,894
	Total .	3,060,232

The Government of the Punjab and of Assam submitted no lists.

The Government of the Punjab observed that the Punjab is mainly a Muhammadan province, and the Muhammadans do not regard any caste as "untouchable." The touch of even the lowest Mussalman caste, *e g.*, the Musallis or sweepers converted to Islam does not in theory convey pollution. Among the Hindus of the province, probably as a result of Muhammadan and Sikh influences the distinction between clean and unclean castes was much less rigid than in other parts of India.

The idea of contamination by propinquity was practically unknown; but in paragraph 8 (*a*) on page 111 of the provincial census report for 1911, Part I, there was given a list of the castes whose touch was considered to pollute food or water: these castes on the census of 1911 totalled a little over 2¼ million persons. The Government of the Punjab added however that the author of the report, Rai Bahadur Pandit Hari Kishan Kaul, C.I.E., himself an orthodox Brahmin, had stated that the idea of pollution by mere touch was rapidly dying out, and that, in 1917, it would be nearer the mark to say that about half a million persons in the province were regarded as capable of conveying such pollution, while it must be remembered that only a comparatively small section of the population so regarded them. Further the number of the "untouchables" was being steadily decreased by the proseltizing activities of missionary societies and others. For example, the Meghs, a caste who in 1911 numbered nearly 40,000 persons, had been reclaimed by the Arya Samaj, members of which would take even food and water from their hands. Similarly certain sections of the Sikhs were prepared to administer the *Pahul* or Sikh rite of baptism to members of the lowest caste and so admit them to a faith which in theory recognized no caste distinctions.

The Government of Assam stated that the depressed classes or untouchables could scarcely be said to have any representatives in the province. In the Assam Valley Hinduism is a plant of comparatively recent growth. It was only towards the end of their dynasty that the Ahom Kings were converted to Hinduism, and from the orthodox point of view, the position of the royal caste was extremely humble. The high Hindu castes are poorly represented in the division. There are a certain number of Brahmins and a few Kayasthas, but the Baidyas are practically non-existent. The Hindus of the Assam Valley for the most part belonged to racial castes, such as the Ahom, Koch and Chutiya whose position in any orthodox system of Hinduism is very questionable. In consequence there were no peoples in the division corresponding to the untouchables of other parts of India. Certain castes such as the fishing castes now styled Nadiyal but formerly called Domes, and the Brital Baniyas, supposed to have been originally sweepers, occupy a low place in the social scale; but their material position was not unsatisfactory. The conditions in the Surma Valley are not quite so dissimilar from those prevailing in the rest of Eastern Bengal, but the higher castes are less powerful and the abundance of waste land enabled the lower castes to rise to a position denied to them in more densely populated districts. The Namasudras, Patnis and Jogis are the main castes in the Surma Valley occupying a comparatively humble position. The Jogis or weavers had entirely taken to agriculture. The Commissioner of the Surma Valley and Hill Districts stated that it would be absurd to describe any of the Assam hill races as depressed classes.

The most important points to bear in mind with reference to these reports of the provincial Governments prepared in 1917-18 are that

they were made in the course of official correspondence, that they were not intended for publication as authoritative lists of depressed or untouchable classes and that no provincial government contemplated lending itself to labelling any particular caste or tribe with the stigma of untouchability

3 The "depressed classes" were referred to as such by the Franchise Committee in paragraph 11 of their report In the Appendices attached to the Report the Committee gave figures of the population in each Governor's province, and divided the Hindus into (1) Brahmins, (2) non-Brahmins and (3) Others In footnotes to each appendix a statement was given of the basis on which the grouping of "Others" was made The Madras group was stated to consist of the main Panchama or untouchable castes, for instance, the Paraiyans, Pallans, and Valluvans in the Tamil districts, the Malas and Madigas in the Telugu districts, the Cherumans of Malabar and Holeyas of South Canara In Bombay, including Sind, the group was stated to consist of "castes which are ordinarily denied access to a Hindu Temple" and a reference was given to page 66, Part I, of the Bombay Census Report, 1911, with a note that the castes are generally described as "untouchables." In the Appendix for Bengal the term 'Others' was stated to include the castes and tribes constituting more than 1 per mille of the total population and classed as Hindus in the Census, which are denied access to the interior of ordinary Hindu Temples and fall within categories 7, 8, 9 or 10 at page 232, Part I, Census Report of Bengal, Bihar and Orissa and Sikkim, with a note that these castes and tribes are generally described as 'untouchables.' For the United Provinces the Committee gave a reference to Groups XI and XII at pages 231 and 232, Part I, of the United Provinces Census Report, 1901, as "untouchable" castes. The group in the Punjab was stated to consist of castes not ordinarily admitted to a Hindu Temple, and a reference was given to page 190, Part I, Punjab Census Report, 1911. It was stated that the term 'Others' in Bihar and Orissa included the castes and tribes contributing more than one per mille of the total population and classed as Hindus in the census who are denied access to the interior of ordinary Hindu Temples and fall within categories 7, 8, 9 or 10 at page 232, Part I, Census Report of Bengal, Bihar and Orissa and Sikkim, 1911, and it was noted that these castes and tribes are generally described as "untouchables." In the Central Provinces and Berar the group was stated to include castes who are denied access to a Hindu Temple, as "untouchables," and a reference was given to page 74, Part I, Central Provinces and Berar Census Report, 1911. In Assam the group was stated to include castes which cause pollution by touch and which bury their dead, a reference was given to page 41 of Part I of the Assam Census Report, 1911, and it was stated that these castes are generally described as "untouchables."

The Franchise Committee estimates, 1919.

The figures collected by the Franchise Committee yielded the following statistics for this group of "Others" as a third Hindu group, formed in the manner described above and apparently identified by the Com-

mittee with the "depressed classes" mentioned in paragraph 11 of their Report.

Madras	6,377,168
Bombay	577,216
Bengal	9,948,244
United Provinces	10,118,435
Punjab	1,738,701
Bihar and Orissa	9,382,321
Central Provinces and Berar	3,769,338
Assam	292,533
Total	42,203,956

In the first place it needs to be recognized that the Franchise Committee were not setting themselves the task of reaching any authoritative total of what might be called the depressed classes. They made a very rough division of Hindus into Brahmins, non-Brahmins and others. The Committee apparently wished to have some idea in their minds of the number of the Hindu population to be classified as "Others" as bearing upon the comment made in paragraph 11 of their report that "the total population in the provinces includes very large classes such as the 'depressed classes' and aborigines which furnish few or no voters and will be represented by nomination." Secondly the Franchise Committee's figures of "Others" do not include aboriginal animists of whom separate figures were given. Thirdly, their figures do not include statistics of depressed classes in parts of British India outside the Governor's provinces. Fourthly and lastly, the Committee's figures were based on the 1911 census, except for the United Provinces where the figures were based on statistics of the 1901 Census.

Estimates in the Quinquennial Review of the Progress of Education, 1912-17.

4. The next important occasion on which an attempt was made to estimate the number of the "depressed classes" in the country was in the Seventh Quinquennial Review of the Progress of Education in India for the years 1912-17. In Appendix XIII at pages 92-94 of Volume II of that Review statistics were given separately of (a) aboriginal or hill tribes, (b) depressed classes and (c) criminal tribes. This note is not concerned with the statistics of aboriginal or hill tribes nor of the criminal tribes. The statistics of the depressed classes were as follows :—

Province.	Tribe or Caste.	Population.
Madras	Parayan	2,363,803
	Palla	867,132
	Mala	1,511,312
	Madiga	807,986
	Holiya	136,109
	Total	5,686,342

Province	Tribe or Caste.	Population.
Bombay	Mahar, Hollya or Dhed, Mang or Madig, Chambhar, Chamar or Mochi, Bhangi, Dhor, Khalpa Shindhava, Turi, Kolgha.	1,635,896
	Total .	1,635,896
Bengal	Bagdi, Bauri, Bhuinmali, Bhuiya, Bhumij, Chamar, Dhoba, Dom, Dusadh, Hari, Kaora, Kora, Mal, Muchi, Munda, Namasudra, Oraon, Pod, Santal, Sunri, Tiyar.	6,742,913
	Total .	6,742,913
United Provinces . .	Castes not given	8,374,542
	Total .	8,374,542
Punjab	Megh	40,313
	Od	28,611
	Chamar	854,530
	Ramdasia	167,623
	Mazhbi	19,878
	Dhobi	138,885
	Mahtam	68,396
	Marchee	1,273
	Ghosi	2,800
	Sweeper	785,284
	Total .	2,107,593
Bihar and Orissa . .	Bhangi, Dom, Halalkhor, Hari, Mehtar and Turi, Ahir-Gaura (in Angul); Bauri, Ghusuria, Gokha, Kela, Mahuria and Siyal, Kaibarta (d) and Kewat (d) (in [illegible] Pan (in Orissa), Ganda (in Sambalpur).	1,236,300
	Total .	1,236,300

Province.	Tribe or Caste.	Population.
Central Provinces . .	Balahi, Basor, Chamar, Dhobi, Ganda Ghasia, Katia, Kori, Kumhar, Mehra Mang, Mehtar Panka, Mahars	3,012,389
	Total .	3,012,389
Assam	No less than 163 different tribes and castes are entered as "depressed classes and ... to the Ahoms who number 197,444.	2,701,144
	Total .	2,701,144
	GRAND TOTAL .	31,497,119

This Quinquennial Review of the Progress of Education was prepared by Mr. (now Sir Henry) Sharp, C.S.I., C.I.E., who was at the time Educational Commissioner under the Government of India. The figures which he used were apparently taken from the Census Report of 1911, Chapter XVIII of his Report was devoted to the problems of the education of the *Backward and Special Classes* (Volume I, pages 204-209). In that chapter separate paragraphs were given to the aboriginals, the depressed classes, and the criminal tribes. In paragraph 505 of his report Mr. Sharp expressed his views as follows on the classes of the depressed communities :—

> The depressed classes, like the tribes just described (*i.e.*, the aboriginals), are often the original inhabitants; but they differ from the hill tribes in having preferred a life of servitude to exile into inhospitable regions. Thus they have lost their distinctive habits and languages and have become a recognised part of the general community. The rules of caste (probably invented and developed for this very end) have however kept them distinct from the invaders and the tasks assigned them are menial and regarded as degrading. They form the unclean castes whose touch or even whose shadow is pollution. But a wider significance is often attached to the expression so that it includes communities which though not absolutely outside the pale of caste, are backward and generally poor and despised and also certain classes of Muhammadans. Some have interpreted it as simply educationally backward. The task of definition is made difficult by doubt as to where the line should be drawn and the elastic condition of such classes as dwell on the border land of respectability. Sometimes a whole community declares itself to be depressed with a view to reaping special concessions of education or appointment. Some-

times a caste or a sub-caste, hitherto regarded by all as depressed totally repudiates the description and declares itself as good as its neighbours On the whole the tendency is for the lower castes to edge themselves here and there into a higher scale by the assumption of new names and privileges. Further complicating facts are that many of these downtrodden castes come into the fold of Christianity and that a caste reckoned as *untouchable or depressed in one locality is not necessarily so* in another.

Mr. Sharp's comments serve to illustrate the difficulty of arriving at any correct definition of so vague a term as "the depressed classes." The figures being based so, it would appear, on the Census of 1911 may be assumed to be sufficiently accurate statistics of the tribes and castes included in the Appendix, but we are left without precise information of the particular data on which Mr. Sharp relied when reaching a decision whether to include or to exclude any particular caste. In Assam, as distinct from other provinces, hill or aboriginal tribes living in the plains were specifically included in the same category as the depressed classes.

5. In the Census of 1921 the Census Commissioner, Mr. J. T. Marten, found it incumbent on himself to try to obtain some statistical estimate of the numbers of the depressed classes for reasons which are explained in paragraph 193 of his Report (Volume I, page 225).

Mr. Marten observed that it had been usual in recent years to speak of a certain section of the community as the "depressed classes," and he referred to the attempt made by Mr. Sharp in his Quinquennial Review of the Progress of Education in India, 1912-17, discussed in the preceding paragraph, to prepare a list of the castes and tribes constituting this section of the community. Mr. Marten observed that the total population classed according to Mr. Sharp's lists as depressed amounted to 31 million persons or 19 per cent. of the Hindu and tribal population of British India. The Census Report, 1921.

The question before Mr. Marten, as Census Commissioner then, was whether he would use the opportunity of the new Census of 1921 to verify the classification made by Mr. Sharp of the depressed classes. Mr. Marten explains in his report that he recognized that there was undoubtedly some danger of giving offence by making in a public report social distinctions which might be deemed invidious; but in view of the lists already prepared (*i.e.*, the lists prepared by the Franchise Committee and Mr. Sharp's list), and owing to the fact that the "depressed classes" had, especially in South India, attained a class consciousness and a *class organization, are served by special missions, "raised"* by philanthropic societies and officially represented in the legislatures under the Reforms Scheme, Mr. Marten considered it necessary to face [illegible] attempt to obtain some statistical estimate of their number

Lists of one kind or another were received from all provinces and States except the United Provinces, where what Mr. Marten describes as "the extreme delicacy of official sentiment" shrank from the task of attempting even a rough estimate. Mr. Marten states that the figures given were not based on exactly uniform criteria, as a different view is taken of the position of the same groups in different parts of India, and he had occasion in some instances to modify the estimates on the basis of the figures in Mr. Sharp's lists and of information from the 1911 Census report and tables. The estimates were further subject to the general defect that the total strength of any caste was not recorded.

From the statistics received the Census Commissioner prepared, the following estimate :—

Province or State	Total (in thousands).
Madras	6,372
Bombay	2,800
Bengal	9,000
United Provinces	9,000
Punjab	2,893
Bihar and Orissa	8,000
Central Provinces	3,300
Assam	2,000
Central India	1,140
Baroda	177
Gwalior	500
Hyderabad	2,339
Mysore	932
Rajputana	2,267
Travancore	1,260
Total	52,680 thousands

Mr. Marten explained that these figures represented a rough estimate of the *minimum* numbers which may be considered to form the "depressed classes" of the Hindu community, and added a note that they must be taken as a low and conservative estimate since they do not include (1) the full strength of the castes and tribes concerned and (2) the tribal aborigines more recently absorbed in Hinduism, many of whom are considered impure. He then observed that "we may confidently

place the numbers of these depressed classes, all of whom are considered impure, at something between 55 and 60 millions in India proper." The degree and nature of their impurity varies in different tracts and is most conspicuous in Southern India where perhaps owing to more settled political conditions, orthodox Hindu sentiment has been able to develop an intensity of social differentiation which the more complex conditions in Northern India would somewhat tend to modify.

Mr Marten's estimate differs from the estimates both of the Franchise Committee and of Mr. Sharp in including estimates from the Indian States and presumably also from the centrally administered areas though these are not separately specified The three estimates for Governors' Provinces compare as follows, the first two estimates were based almost entirely on the figures of the 1911 Census, while Mr. Marten used the figures of his own Census of 1921 The figures are given in millions :—

Province	Franchise Committee	Mr Sharp	Mr. Marten
Madras	6·4	5·7	6·4
Bombay	6	1·6	2·8
Bengal	9·9	6·7	9·0
United Provinces	10·1	8·4	9·0
Punjab	1·7	2·1	2·8
Bihar and Orissa	9·4	1·2	8·0
Central Provinces	3·8	3·0	3·3
Assam	3	2·7	2·0
Total	42·2	31·5	43·3

For Governors' provinces therefore there is very little difference between Mr. Marten's aggregate and the aggregate of the Franchise Committee; but there are considerable differences in detail. The preceding paragraphs indicate so far as information is available the data on which these three authorities stated themselves to have proceeded.

Mr. Marten's figures were used by the Reforms Enquiry Committee (1924) in paragraph 64 of their report.

Subsequent references.

6. On page 237 of the Moral and Material Progress Report on India for the year 1925-26 (India in 1925-26) the statement was made that there "are said to be no fewer than 60 millions" of depressed classes. In November 1927 when speaking in Parliament on the Statutory Commission Bill, both the Secretary of State in the House of Lords and the Under Secretary of State for India in the House of Commons referred to the number of the depressed classes in India as 60 millions.

When moving his resolution in the Legislative Assembly on the 16th February 1928 on the subject of the appointment of the Indian [illegible]

between 55 and 60 millions for the whole of India ; and that by a stroke of the pen the author of the Moral and Material Progress Report for 1925-26 had raised the figure definitely to 60 millions.

Mr. G. S. Bajpai's *calculations* announced in the Legislative Assembly, *February* 1928.

7. This speech was followed a few days later by a debate in the Legislative Assembly on the 23rd February 1928 on a motion moved by Mr. M. R. Jayakar, recommending that local Governments be instructed to provide " special facilities for the education of the untouchables and other depressed classes, and also for opening all public services to them especially the police." To this motion Lala Lajpat Rai moved an amendment to the effect, *inter alia*, that a sum of one crore of rupees should be set aside from central revenues for the education of the depressed classes, and in the course of his speech he suggested that the Government made capital of the argument that they were trustees for 60 millions of the depressed classes. At the conclusion of the debate Mr. G. S. Bajpai, Secretary to the Government in the Department of Education, Health and Lands, stated that he wished to correct the figure of 60 million [illegible] he had had [illegible] according t [illegible] classes (and he was careful to explain that he did not include the back ward classes generally) in the Governors' provinces, excluding Burma and Assam, numbered 28½ millions Mr. Bajpai's calculations had been compiled in the Department of Education, Health and Lands after reference to the annual and quinquennial reports of the Directors of Public Instruction of the various provinces, to the census figures, and to the special reports of the provincial Governments mentioned in paragraph 2 of this note.

Question in Parliament, April 1928.

8. In Parliament on the 26th March 1928 Mr. Wellock asked the Under Secretary of State for India whether he could state the most recent estimate of the number of untouchables in British India. He was informed of the difficulty of framing any exact estimate but was given an assurance that the Government of India would be asked to supply their latest information on the subject. The question was then put down for the 23rd April, the words " depressed classes " being substituted for the word " untouchables." The information sent by the Government of India to the Secretary of State and given by Lord Winterton in his reply was that " the latest census figures showed the number of depressed classes in British India at forty-three millions, but that in the census report the depressed classes had included hill tribes, criminal tribes, and aborigines as well as untouchables. The term ' untouchables' is not capable of precise definition, but it may be taken as referring to those classes or groups who are outside the four main Hindu castes and who are deemed to pollute the man of higher caste by contact or

in some cases even at a distance. The total number of untouchables in British India is estimated at twenty-nine millions on information provided in provincial educational reports."

Mr. Rajpai's figures contested by Rao Bahadur M. C. Rajah, M.L.A., in a letter to the "Times of India," dated the 15th May 1928.

9. Mr Bajpai's statement in the Assembly and the Lord Winterton's statement in Parliament drew a retort from Rao Bahadur M. C. Rajah, M.L.A., President of the All-India Depressed Classes Association. In a letter, dated the 15th May, published in the *Times of India* of the 19th May 1928, he contested Mr. Bajpai's figures and then noted his own conclusions as follows :—

According to the Franchise Committee's report, dated the 22nd February 1919—Statistical Summary—the population of the untouchable castes in the various provinces is (according to the census of 1911) as follows :—

	Millions
Madras	6 37
Bombay	57
Bengal	9 94
United Provinces	*10 11*
The Punjab	1 73
Bihar and Orissa	9 38
Central Provinces	3 76
Assam	29
Total	42 15

(In the footnote the classes are clearly indicated as including all untouchable castes)

The population of untouchables in Bombay, according to the census of 1921, taking the specific untouchable classes given in the Report of 1911 into account, is 3·06 millions. Similarly for [illegible]

[illegible]

for the other provinces comes to 52·44 millions. The difficulty in quoting the figures for other provinces according to the census of 1921 is that I wish to take the identical cases as in 1911, and I have not been able to get the lists yet.

So far as the Government of India are aware this letter is the only statement which Mr. Raja has published on the basis of his own figure of 52·44 millions.

Questions in the Legislative Assembly, September 1928.

10. On the 4th September 1928 the following question was asked in the Legislative Assembly by Lala Lajpat Rai :—

Will Government be pleased

(*a*) to lay on the table a list of the classes or castes or sub-castes which are considered " untouchable "?

(b) to inform the House what classes are considered 'depressed' beside or in addition to the untouchables ?

The following reply was given by the Hon'ble the Home Member :—

(a) I [illegible]

tional reports. I wish to make it clear that the Government of India do not regard this list as final, exhaustive or authoritative. Whether a caste is regarded as touchable or untouchable must depend on local custom which is variable and, we may reasonably hope, will prove to be a progressive factor. I also understand that the degrees of untouchability are not the same throughout India, but vary from place to place ;

(b) the classes generally considered as depressed beside or in addition to the untouchables are hill tribes, aboriginals and criminal tribes.

The list is printed as Appendix I to this note. In reply to a supplementary question by Rao Bahadur M. C. Rajah, the Home Member stated that the figure of 60 millions mentioned at page 237 of 'India in 1925-26' referred to territory outside British India as well as British India.

On the 17th September 1928 the following question was asked in the Legislative Assembly by Rao Bahadur M. C. Rajah :—

Will Government be pleased to state—

(a) if the figures given in the schemes set out in Appendices I to VIII of the Report of the Franchise Committee, dated the 22nd February 1919, regarding the population of the depressed classes (shown in the statistical summary as "Others" with an asterisk mark under the heading "Hindus") are correct ?

(b) if these figures indicate the untouchable castes ?

(c) if these figures include the criminal tribes also ?

(d) if these figures referred to territory outside British India as well as British India ?

(e) if the total population of the Depressed Classes according to the figures given on pages 19, 29, 37, 45, 53, 61, 69 and 75 of the Franchise Committee's Report, 1919, was more than 42 millions.

The following reply was given by the Hon'ble the Home Member :—

(a), (b), (c) and (e). The Hon'ble Member will see from the foot-notes to the Appendices that the population shown under the heading "Others" referred to those castes which were *generally described as* "*untouchables.*" Their total number was over 42 millions. The references in the foot-notes to the Census reports suggest that the Committee obtained their

figures from the Census reports of 1901 and 1911, but a scrutiny of the census tables shows that the figures given in them do not in all cases tally with the figures given in the Appendices referred to by the Hon'ble Member. The Government of India are not therefore in a position to check the figures. Precise details of criminal tribes are not available.

(*d*) The figures referred only to British India.

11. Throughout this note the province of Burma has been omitted. The following note on "depressed classes" in Burma was entered by Mr. Marten in paragraph 193 of his Census Report, 1921 (Volume I, page 225) :— **Depressed Classes in Burma.**

In paragraph 170 of his chapter on Races and Castes Mr. Grantham (Burma) gives an interesting account of certain small indigenous groups of people who may be described as forming "depressed classes" in the sense that they are degraded below the level of the rest of society. Reference must be made to the Burma Report for particulars of these groups They include the Sandalas or grave diggers, who live outside the villages, the Payakyun and Khwa, who are pagoda slaves, the Thinchi, descendants of a certain Arakanese general and his followers, who rebelled against the King of Arakan and were condemned to everlasting social degradation, the Kebas who are hereditary beggars and the Don (fishermen), Hasi (sweepers) and Hara (washermen). The last three groups are of mixed Hindu descent, and with others of the same kind take their place as low caste Hindus. Of the other indigenous groups Mr. Grantham, while admitting certain social disabilities such as restrictions in intermarriage and commensality considers that their degradation is to some extent economic and hardly corresponds to the conditions of the impure castes in Hindu society. Of the 480,000 Hindu and tribal Indians enumerated in Burma a large proportion are members of or are descendants from impure groups of people in Southern and Eastern India.

Mr. Grantham whose remarks were quoted by the Census Commissioner was Census Superintendent for the 1921 census of Burma.

APPENDIX.

A list of castes which are generally, according to local usage and custom, regarded as untouchable laid on the table of the Legislative Assembly by the Hon'ble the Home Member in September 1928.

Madras—

Haddis.	Bavuris.
Dandasis.	Medaris.
Malas.	Madigars.

Barayans.
Holeyas.
Chakkiliyan.
Korogas.
Nayadis.
Panchamas.
Valluvan.
Pallan.
Cherumas.
Kotas.

Bombay—

Mahars.
Dheds.
Madigs.
Chamars.
Bhangis.
Khalpas.
Turis.
Holeyas.
Mangs.
Chambhars.
Mochis.
Dhors.
Shindhavas.
Kolghas.

Bengal—

Bagdi.
Bhuinmali.
Bhumij.
Dhoba.
Dosadh.
Kaora.
Mal.
Munda.
Oraon.
Santal.
Tiyar.
Bauri.
Bhuiya.
Chamar.
Dom.
Hari.
Kora.
Muchi.
Namasudra.
Pod.
Sunri.

United Provinces—

Dhobis.
Rangsaz.
Balahis.
Rajs.
Dhanuks.
Rangrez.
Balahars.
Bengalis.
Chamars.
Bajgis.
Koris.
Saiqalgars.
Baheliya.
Sunkars.
Tarmolis.
Gharamis.
Bhangis.
Bansphors.
Domars.
Khatiks.

Punjab—

Chamars.
Chuhra.

Bihar and Orissa—

Bhangis.
Halalkhor.
Mehtar.
Ahir Gaura.
Chamar.
Ghasi.
Gokha.
Kela.
Pan.
Siyal.
Doms.
Hari.
Turi.
Bauri.
Dhoba.
Ghusuria.
Kandra.
Mahuria
Muchi.
Ganda.

Central Provinces—

Balahi.
Chamars.
Ganda.
Katia.
Kumhar.
Mang.
Basor.
Dhobi.
Ghasia.
Kori.
Mehra.
Mehtar.
Panka.

THE STATE AND INDUSTRY: A NARRATIVE OF INDIAN GOVERNMENT POLICY AND ACTION IN RELATION TO INDUSTRY UNDER THE REFORMED CONSTITUTION.

NOTE.—This review has been prepared and is published by order of the Government of India and has their general approval; but they should not be understood as accepting responsibility for every particular statement of fact or expression of opinion in it.

TABLE OF CONTENTS.

PREFACE.

The following pages represent an endeavour to survey the relations between Government (including the legislatures) and industry in India since the introduction of the Montagu-Chelmsford Reforms. The period with which it deals primarily begins at the end of 1920, and as details are not in all cases available of the most recent developments, the account is ordinarily brought up only to the end of 1927. But these limits have been overstepped to some extent in two directions. Some account of the events preceding any period is necessary to an understanding of the events occurring in it, and in the present instance there are special reasons for referring in some detail to occurrences in the years immediately preceding the period under review. For the end of the war marked the beginning of a new chapter in India's economic history and the foundations of the policy which has governed State relations to industry in India since 1920 were based to a large extent on developments in the years 1918-20. At the other end, particulars have been added of the more important developments which have taken place up to the autumn of 1928.

The narrative is in no sense a critical survey. It does not ordinarily attempt to appraise achievement or to formulate conclusions. The aim has been to set out the policies adopted with the considerations that led to their adoption, and to give in some detail the developments which followed in practice. What is offered is a summary of the evidence, given as objectively as possible, and designed to place the reader in a position to form his own judgments on the decisions and events with which it deals

For the material on which the narrative is based the writer is mainly indebted to official reports compiled by others. These are too numerous for individual acknowledgments; but particularly valuable assistance has been afforded by past and present Directors of Industries in the various provinces. Their published reports have been supplemented by several memoranda specially supplied to the writer, who has also had the advantage of oral discussions with them in a number of cases.

The State and Industry.

CHAPTER I.

Historical Introduction.

It was for many years an accepted axiom in England and elsewhere that the greatest service which the State could render to industry was to "stand out of its sunshine". It was the duty of the State to establish and preserve that security in which alone industry can prosper; having done this, and having secured a fair field for competition between man and man or between nation and nation, its functions ceased. For Government to regulate industry was pernicious, to assist it was futile, and to participate in it was to waste public money. These doctrines had their origin in the protests of the classical economists against the misguided interference with trade prevalent at the beginning of the XIXth century; and the prosperity which followed their acceptance in England afforded, to the public mind, the best proof of their universal validity.

In India, the tendency to question the axioms of Western thought became prominent about the beginning of the present century, and there began a demand, which steadily increased, that Government should take

In a previous age Indian industries had flourished round the thrones of the rulers and had looked to them for support; and the tendency in India has always been to expect from Government a more positive regulation of activity than has been usual in those countries where individualistic ideals have been dominant. It is, in any case, not surprising that there arose a school of thought which believed that the expansion

of industry was one of the claimant needs of India and which urged that it was the duty of Government to secure that expansion.

Neither of these propositions gained immediate acceptance. The view that it was undesirable that India should develop industrially to any great extent was criticised both on economic and on social grounds. From the economic standpoint, it was urged that the industrialization of India was undesirable and that the diversion of capital from agriculture to industry would be unprofitable to the country. Others regarded industrialization as an evil mainly because of the social changes it brought in its train. Familiarity with European conditions brought recognition of the fact that the growth of industry had been far from an unmixed blessing in the West and Mr. Gandhi, in his attacks at a later date on all machinery and all machine-made goods, merely gave expression to what had long been the underlying belief of a numerous, if not vocal, group. But the bulk of Indian educated opinion was convinced that more rapid industrial progress was essential. This conviction may have been strengthened by an exaggerated view of India's manufacturing activity in the past and by questionable analogies from other countries But it rested, in the main, on more solid foundations. Men accepted the dictum of the Indian Famine Commission of 1880 that " at the root of much of the poverty of the people of India, and of the risks to which they are exposed in seasons of scarcity, lies the unfortunate circumstance that agriculture forms almost the sole occupation of the mass of the population ". And they recognized that apart from the economic advantages that were to be expected from the expansion of industry, it offered the promise of progress in other directions, scientific, social and political. With the wave of nationalism which marked the first decade of this century, enthusiasm for industrial advance became general among the educated classes. The Indian Industrial Conference, which began in 1905, gave a forum to the leaders of this movement and the *swadeshi* movement of 1907-08 was the most prominent effort of the popular mind to give expression to the new beliefs.

The acceptance by Government of the role assigned to it was not so easily secured; and it was not until after the outbreak of war that Government, as a whole, accepted responsibility for giving active assistance to industries. But efforts were made from time to time by individual administrators and administrations. In Madras, under the inspiration of Mr. (afterwards Sir) Alfred Chatterton Government successfully developed, between 1898 and 1903, the aluminium hollow-ware industry. This pioneering effort was conducted at a small profit to Government and although the Government of India had remarked in 1900 that too much had been done in the way of its commercial development, the Secretary of State sanctioned, on their recommendation, proposals from Madras designed to secure the restoration, organization and development by official agency of technical trades and industries. Other activities followed, notably the introduction of chrome tanning, an enterprise which cost the local Government a net sum of only half a lakh of rupees, and led to the establishment of a vigorous industry. In 1905 proposals

were put forward for the creation of a department which would be in charge of official efforts for the development of industries in the Presidency. Lord Morley, who was now Secretary of State for India, was sceptical regarding the advantages to be gained, but he sanctioned the creation, as an experiment, of a new Department under a Director of Industrial and Technical Enquiries. Thus what was in fact if not in name the first provincial Department of Industries came into being in 1906.

In the preceding year a separate Department of Commerce and Industry was created in the Government of India, and in 1907 its first Member, Sir John Hewett, then Lieutenant-Governor of the United Provinces, convened a Conference at Naini Tal to consider the action to be taken by Government in respect of industries in these provinces. An important feature of this Conference lies in the emphasis laid by it on the close relation between technical education and other state efforts to assist industry Its main proposition was that a separate department must deal with industrial questions and must control technical education The department was to work under a Director of Industrial Enquiries and Education: the extent to which it could pioneer new industries and assist industrialists by grants, loans, expert advice, information and exhibitions was discussed, and a scheme was prepared for the development of technical, commercial and industrial education. In 1908 an industrial conference was held at Ootacamund and made somewhat similar proposals, although it drew a distinction between technical and industrial education and proposed to transfer only the latter to the industrial department. In December 1908 the Indian Industrial Conference at Madras expressed the opinion "that there should be in every province of British India a Department of Industries under a Director of Industries to deal with industrial questions and to be in charge of technical as well as industrial education". In 1909 a Conference held at Dacca under the auspices of the Government of Eastern Bengal and Assam framed proposals on somewhat similar lines.

Some steps were taken in pursuance of the policy formulated at these Conferences. In Madras the local Government appointed a Director of Industries in 1908: he was to control pioneer enterprises and industrial education, and to establish an industrial intelligence bureau and an industrial museum. In the United Provinces a number of the recommendations of the Naini Tal Conference were translated into action. A successful exhibition was organized at Allahabad, grants were given to several enterprises, an experimental cotton-seed oil factory was established at Cawnpore and managed by a private firm on behalf of Government and a substantial loan was given for starting a sugar factory. A number of other loans were granted for industrial purposes, a policy strongly advocated by an important section of public opinion throughout India, which felt that the lack of capital had been a constant handicap to the development of industries and regarded it as a duty of Government to meet the need.

The adoption by provincial Governments generally of a forward policy appeared to be inevitable when an unexpected check occurred. Lord Morley who had in 1906 expressed doubts as to the value of the efforts made to create industries in Madras, refused in 1910 to accord his approval to the creation of a Department of Industries there, a step which had been taken in anticipation of sanction. In a published despatch he wrote—

"I have examined the account which the Madras Government have given of the attempt to create new industries in the province. The results represent considerable labour and ingenuity, but they are not of a character to remove my doubts as to the utility of state efforts in this direction unless it is strictly limited to industrial instruction and avoids the semblance of a commercial venture. So limited, interference with private enterprise is avoided, while there still remains an ample and well-defined sphere of activity. The limit disregarded, there is the danger that the new State industry will either remain a petty and ineffective plaything, or will become a costly and hazardous speculation. I sympathise with the conference and the Madras Government in their anxiety for the industrial development of the province, but I think that it is more likely to be retarded than promoted by the diversion to State-managed commercial enterprises of funds which are urgently required for the extension of industrial and technical instruction.

"The policy which I am prepared to sanction is that State funds may be expended upon familiarizing the people with such improvements in the methods of production as modern science and the practice of European countries can suggest; further than this the State should not go and it must be left to private enterprise to demonstrate that these improvements can be adopted with commercial advantage.......... ....My objections do not extend to the establishment of a bureau of industrial information or to the dissemination from such a centre of intelligence and advice regarding new industries, processes or appliances, provided that nothing is done calculated to interfere with private enterprise."

These orders resulted in the abolition of the Department of Industries as a separate Department in Madras. The tanning factory had been transferred to private ownership before they were received and a weaving factory was closed after their issue. In the United Provinces they resulted in the closing of the cotton-seed oil factory, and there was for a time, a distinct check to official activities in similar directions elsewhere.

To the advancement of technical and industrial education there were, of course, no objections on grounds of policy. But although the importance of an advance in this direction was long recognized, little was achieved for many years. Four engineering colleges had been in

existence for a generation and had been successful in training civil engineers . but these students mainly entered Government employment and did little to foster the industries of the country. In 1904 a step of some importance was taken in the institution of State scholarships to enable Indian technical scholars to secure training in Europe and America, and assistance was given to a non-official association which sent a substantial number of scholars abroad. Within India technical and industrial schools multiplied after the opening of the XXth century : and the annual expenditure of public funds on technical education, which was fixed at about 2½ lakhs in 1904 rose to 5¼ lakhs by 1912, and increased rapidly after that date. The greater number of the schools were controlled by private bodies and aided by Government ; a substantial minority were Government institutions.

But while success was not lacking in some cases, the progress made was generally regarded as unsatisfactory, both by the public and by those engaged on the question. And both were responsible. On the side of the public, efforts were hampered by what the Industrial Commission described as " the general acceptance of the fallacious idea that it was only necessary to provide facilities for the acquisition of technical knowledge to ensure the subsequent development of industries ". Technical schools were started in centres where there were no industries, and no prospects of the development of industries. And while Congresses and Conferences passed frequent resolutions in favour of the advancement of technical education, and individuals were ready with generous offers to help the cause, the most essential form of support—the presence of candidates—was too often absent. The adult educated public were alive to the importance of the subject : but their sons were reluctant to enter upon courses involving manual labour, and it is only in recent years that the difficulties in this direction have shown signs of disappearing. One quotation will serve to illustrate a phase which has now passed :—

> " The establishment of a technological institute for the United Provinces was one of the proposals of the Naini Tal conference. It was decided that it should consist of two parts. Classes in mechanical and electrical engineering were to be attached to the Thomason College. The department was opened in 1909 and took the place of a previously existing technical class. It was intended to attract a higher class of students, particularly those who had business connections and were destined to be managers or employers of labour. No candidates joined. A three-fold division was then made, the highest department offering engineering and training in textiles, the second and third being on a lower plane and intended for mechanics The engineering section has hitherto not drawn the right class of students. A whole-time textile instructor was engaged and plant was provided. It was found difficult to obtain any students with the necessary qualifications. The instructor resigned."*

* H. Sharp " Progress of education in India, 1907—1912 ", Vol. I, page 177.

On the other hand, the public tended to place the blame on Government apathy. It is probable that the ineffectiveness of the attempts to tackle the problem was due more to inability than to apathy. Technical education was treated as a branch of general education and was entrusted to the regular educational authorities. They naturally concentrated on the literary type of education in which they possessed expert knowledge, and even when they realized the importance of technical education, their complete unfamiliarity with the needs of industry and the methods that should have been adopted made it almost impossible for them to guide the movement along practical lines.

With the growing interest of administration in the subject came the belief that progress in technical and industrial education could only be secured by entrusting it to special and independent authorities. The United Provinces Government, following the Naini Tal Conference, laid great stress on relieving the educational department of the control of technical education; the Ootacamund Conference accepted this view, so far as industrial education was concerned, and the more popular Madras Conference of the same year was, as has been indicated, quite emphatic on the question. The Government of Eastern Bengal and Assam advocated the transfer from the Department of Education of all forms of technical and industrial education. But here again the views of the Governments concerned failed to receive Lord Morley's approval. In the case of the United Provinces, while agreeing that the officer responsible for the new Department should be in direct communication with Government as regards industrial enquiries, he directed that in respect of his supervision of industrial schools he should report to the Educational Department. In Madras, in the despatch already cited, Lord Morley issued orders that the officer responsible for Industrial Education "should be made subordinate to the Director of Public Instruction".

Lord Morley's orders evoked considerable opposition: the opposition was directed chiefly against the ban placed on the pioneering of industries by Government; but the orders relating to industrial education also received adverse criticism. A strong protest was made by the Indian Industrial Congress and in February 1911 the Madras Legislative Council adopted a resolution inviting the Secretary of State to reconsider his decision, and the proposals of the Local Government were supported by the Government of India. Lord Crewe, while he adhered to Lord Morley's views on the inadvisability of any trading by Government on commercial lines, suggested that an unduly narrow construction had been placed on his predecessor's orders, and stated that he had no objection to the demonstration by Government of improved machinery or new processes. He was, moreover prepared to consider the transfer of "trade" schools to the Director of Industries. The Department of Industries in Madras was accordingly reconstituted in 1914; it commenced experimental work on the old lines and became responsible for the control and inspection of industrial schools. Several schemes of importance were taken up in other provinces; but before much could be done the war brought about an entirely new situation.

The Great War was destined to result in a period of unprecedented prosperity for the leading industries of India. But the immediate effect of the outbreak of war was a dislocation of India's markets. Important European markets for raw materials were closed or greatly restricted and the shortage of shipping placed further difficulties in the way of producers. As regards imports, the position was similar. Some European countries were unable to export to India, all were compelled to reduce production and had difficulty in securing freight for their products.

The contraction of commerce with the West served to bring home in a striking manner the extent of India's economic dependence on Europe. So far as materials were concerned, her list of deficiencies, as the Industrial Commission pointed out, was surprising. Electrical plan and equipment, essential accessories of the textile and mining trades, all kinds of machine tools, boilers and steam, oil and gas engines, were all imported. There was not a machine to make nails or screws, and even agricultural implements were mainly imported. Nor was the dependence confined to materials: a constant supply of western experts was essential and a number of opportunities were lost when they were not forthcoming. Again, in respect of capital, India depended largely on outside assistance: and it was not until after the end of the war, when the opportunities were disappearing and the risks were multiplying, that Indian capital appeared to be losing its customary shyness.

With the progress of the War, Government received an entirely new and powerful stimulus from her own needs. For the war compelled her to enter the markets on an unprecedented scale; and her necessity was such that she could no longer afford to wait until private enterprise rose to the occasion. The development and the inception of industries with State assistance or under State management became essential if India was to meet the demands arising out of the War.

Finally, the continuance of the war presented Indian manufacturers [illegible] e. On the one hand there [illegible] hanced by the exceptional [illegible] hand, the restriction of imports gave producers in many directions a degree of protection from foreign competitors such as only an extremely high tariff could afford in normal times. After the first depression had passed, trade entered on a period of increasing prosperity, development and expansion became general and if only some of the advantage gained could be conserved, there was every prospect that the war would see a big advance in the industrialization of India.

CHAPTER II.

THE INDUSTRIAL COMMISSION.

The creation of an unprecedented opportunity and the emergence of an unprecedented need led the Government of India in 1915 to a general survey of the position, as a result of which they became con-

vinced of the necessity for a definite industrial policy for India as a whole. No such policy had existed hitherto: such efforts as had been made had generally owed their inspiration to the enthusiasm of individuals rather than to any consistent purpose on the part of Government. Expert assistance was scarce and the efforts of the experts available lacked co-ordination; while the experience gained in one province was not easily available to another. Although the problem was much more than a local one, there was no single authority able to envisage it as a whole, and even in the same province different authorities were responsible for different branches of activity closely connected with industries.

The deliberations of the Government of India resulted in the appointment, with the approval of the Secretary of State, of the Indian Industrial Commission in May 1916. The Commission had as its President Sir Thomas Holland, K.C.I.E., F.R S., a former Director of the Geological Survey of India and the President of the Institution of Mining Engineers. The seven members who remained throughout the Commission's deliberations included four men who had taken a prominent part in Indian industry. The Commission was instructed—

"to examine and report upon the possibilities of further industrial development in India and to submit its recommendations with special reference to the following questions:—

(a) whether new openings for the profitable employment of Indian capital in commerce and industry can be indicated;

(b) whether and, if so, in what manner, Government can usefully give direct encouragement to industrial development—

(i) by rendering technical advice more freely available;

(ii) by the demonstration of the practical possibility on the commercial scale of particular industries;

(iii) by affording directly or indirectly financial assistance to industrial enterprises; or

(iv) by any other means which are not incompatible with the existing fiscal policy of the Government of India."

With regard to the limitation involved in the last clause, the resolution appointing the Commission explained that the question of imposing duties for the specific purpose of protecting Indian industries would not be examined until after the end of the war.

The Commission undertook a comprehensive survey of the position and presented their final report in 1918. A bald summary of their recommendations would occupy many pages and it is not possible here to give more than the merest outline of the scheme which they formulated for the expansion and development of Indian manufactures. Two fundamental principles underlay the recommendations of the Commission, "first, that in future Government should play an active part

in the industrial development of the country, secondly, that Government cannot undertake this work unless provided with adequate administrative equipment and forearmed with reliable scientific and technical advice "*

The main activities of Government in respect of industries were to include (1) research, (2) industrial and technical education, (3) commercial and industrial intelligence, (4) direct assistance, technical and financial and (5) the purchase of stores That Government was not equipped for the task indicated was obvious and the problem, as it presented itself to the Commission, was largely one of organization. The machinery which they proposed to set up included central and provincial departments of industries, manned largely by all-India scientific and technical services. A brief indication of the functions of the main units of the organization will illustrate the methods which the Commission advocated.

The provincial Departments of Industries to be set up in ten provinces † already existed, in most cases, in embryo; but they were to be entrusted with much wider functions and supplied with much larger staffs At the head of each Department was to be a Director of Industries who would also act as Secretary to Government and as adviser to Government in matters relating to trade and commerce. He was to be assisted by a Board, to be composed mainly of non-officials. The staff of the Department was to include industrial engineers, chemists, various specialists in industry and teachers. This staff would be engaged in various scientific researches connected with industries to be carried on at well-equipped institutes and laboratories, and it would be responsible for conducting and supervising technical and industrial education and would participate in technological education. The Commission's proposals involved a large increase in and the reorganization of industrial education. The provincial departments were also to be responsible for the collection of information, statistical and general, regarding industries with a view to its supply to Government and the public The Departments were thus to be equipped to provide industrialists' and *entrepreneurs* with technical advice and economic and scientific data. In addition the provincial departments would be mainly responsible for the more direct forms of assistance to industry advocated by the Commission. In the case of the cottage industries, assistance could be given in many ways—by demonstration factories and peripatetic demonstrations, by the introduction of better tools and plant, by instructional classes, by loans, by the improvement of designs and of marketing. To further the smaller organized industries, the establishment of pioneer factories was advocated; the duty of the department in this case was to carry on the work on a small commercial scale, in order to ascertain the initial difficulties and to discover whether the industry could be made to yield a profit. The industrialists would

* Despatch from the Secretary of State to the Governor General in Council, No 86-Revenue of 25th September 1919.

† The nine major provinces and the North-West Frontier Province.

be assisted to maintain his works in good condition and he would in some cases get direct financial aid from Government, in the form of loans, guarantees of dividend, undertakings to purchase the output or subscriptions of share capital. A scheme was also outlined by which industrial banks would lend money to enterprises approved by the Director of Industries. Direct assistance to the larger organized industries might take the form of conducting preliminary investigations into raw materials, economic conditions, markets, etc.

But the programme was not to be framed on a provincial basis; a national programme was essential. Without the co-ordination of the work of the enlarged provincial departments, there was an obvious danger that much of their efforts might be misdirected, that there might be overlapping and that, as in the past, experience would not be pooled. If India was to obtain adequate results from the expanded departments, their work must be based on a definite policy, framed with regard to the needs of India as a whole. Further there would be many individual problems of importance particularly in the case of the larger industries, which could hardly be tackled by a Department that was provincial in its activities. It was essential therefore to establish an Imperial Department of Industries and the Commission proposed the creation of such a department administered by a Member of the Viceroy's Executive Council and a Board of three Members and assisted by a number of qualified experts and an administrative staff. This Department, to quote the Commission, "would control the administration of the various Acts with which it is concerned, and would be responsible for the general direction of the accepted industrial policy of the country, including technical and industrial education. The remaining duties of the department would consist of the initiation and running of any imperial pioneer and research factories that may be needed; the management of full-scale Government factories; the framing of schemes for assisting private enterprise of a class for which an imperial agency would be required; the supply of stores; the collection and dissemination of commercial and industrial information; and the direction of such scientific and technical services and departments as come under its control."

The discharge of the functions both of the central and provincial Departments would thus depend largely on the provision of a large fully qualified scientific and technical staff. The Commission recommended that this staff should be organized in all-India services. The scientific experts, chemists, botanists, bacteriologists, zoologists, entomologists, would be organized in scientific services, the creation of an Indian Chemical Service being regarded as most urgently required. The various industrial experts, engineers, inspectors, etc., would be combined in an Imperial Industrial Service. The Commission were profoundly impressed by the confusion existing in the organization of scientific experts in India and the waste of effort which resulted from this confusion. All over India men were working in isolated posts, with little contact with other scientists, often in subordination

to men ignorant of the subject in question, and frequently unable to specialize closely because of the variety of questions on which they might have to advise. A system of services would overcome these difficulties. It would ensure that the work of scientific officers was co-ordinated and supervised, it would permit of close specialization and the prospects open to members of an all-India service would attract men of a type which Local Governments, recruiting for isolated appointments, could scarcely hope to secure. The services would be under the general control of the Central Department of Industries; but as in the case of the other all-India services most of the officers would work under the immediate control of the Local Governments, in the provincial Departments

One further important recommendation should be mentioned—the creation of an organization for the purchase and inspection of Government stores in India. This agency was to work partly under the Central Department and partly under the provincial Departments of Industries and an expert committee was to be appointed to work out the details. A special committee was also to be appointed to formulate proposals for the formation of the chemical service and the organization of chemical research. The Commission also recommended surveys of actual and potential sources of power, and particularly coal and water power. The Commission made a number of recommendations in connection with various Acts, and dealt briefly with the question of the welfare of industrial labour.

While the Industrial Commission was conducting its investigations, a Government organization of a new type brought the State into close relations with organized industry and had an important influence in stimulating industrial development. The Commander-in-Chief suggested at the end of 1916 the creation of an organization to develop the supply from Indian sources of materials required for war purposes and the Indian Munitions Board came into being in February 1917. Its functions were " to control and develop Indian resources, with special reference to the needs created by the war, to regulate contracts, to limit and co-ordinate demands for articles not manufactured in India, and to apply the manufacturing resources of India to war purposes, with the special object of reducing demands on shipping." The Board consisted of the President, Sir Thomas Holland, who was at the time President of the Industrial Commission, and three members, and with its technical and administrative staff it represented in embryo the Department of Industries later advocated by the Commission. Its activities were numerous, and a number of them had a direct influence on the development of indigenous industries.

From the point of view of industrialists, the most important function of the Board was its control of Government purchases. In the first place the Board was responsible for the supply of all articles except food-stuffs, medical stores and certain technical stores, to all the armies operating in the East. It had thus an immense purchasing

power: for example the textiles branch was at the end of the war making purchases at the rate of two crores a month, and at one time about a crore a month was paid for Indian hides and leather. But in addition to controlling the purchase of war material, the Board scrutinized all indents from Government departments and railways and by means of its ability to withhold or grant recommendations for priority in respect of freight, it was enabled largely to control the disposal of these indents. It was thus in a position to divert from Europe to India a *large number of purchases. Priority was generally refused* when the article or a suitable substitute could be purchased locally, or when arrangements could be made for its manufacture in a reasonably short time. The opportunities so created were brought to the notice of manufacturers, with the result that a large number of new branches of manufacture were started.

At the same time the Board with the assistance of its representatives in the provinces, was in the position to act as a bureau of industrial information for manufacturers and others contemplating innovations in production. Expert assistance was available in many subjects and steps were taken, by the encouragement or institution of researches, to investigate fresh possibilities. Thus a number of chemical researches were conducted under the auspices of the Board, following a conference of chemists in 1918. Special attention was given to the development of the manufacture of accessories for the more important industries. The exigencies of the war, moreover, led to a substantial expansion in direct manufacture by Government. Under the Boards' control, the ordnance factories were greatly extended, a new factory for the manufacture of acetone was started, while army clothing and leather goods were manufactured on a scale never previously contemplated. At its maximum the Army Clothing Department turned out in one month 15 times its average pre-war monthly production of garments.

The work of the Indian Munitions Board naturally coloured the views of the Industrial Commission and influenced their recommendations. They described it as "a practical anticipation of many of the conclusions which had been forced upon us by evidence" and remarked that it "became, in effect, an experiment on a large scale designed to test the value of many of our conclusions regarding not only the manufacturing capabilities of the country, but also regarding the kind of administrative machinery most suitable to carry out our proposals." The report was presented in October 1918, and the first important step taken in accordance with their recommendations was the conversion of the Munitions Board, whose main work ended with the conclusion of hotilities, into an organization capable of undertaking the duties assigned by the Commission to the Central Department of Industries. It was not possible, prior to the amendment of the Government of India Act, to add another Member to the Viceroy's Council but the Government of India proposed, as an interim measure, that the Board, which was now to be designated as the Board of Industries and Munitions, should be modified in structure and placed, through

its President directly under the Viceroy. This proposal was approved by the Secretary of State in September 1919, when he accepted the fundamental principles underlying the Commission's recommendation, and agreed to a policy involving the acceptance of active participation by Government in industrial development as one of the legitimate functions of the State. He added that in giving effect to the policy advocated by the Commission "State assistance will take various forms such as research, the survey of natural resources, technical and scientific advice, educational facilities, commercial and industrial intelligence, the establishment of pioneering and demonstration factories, financial help, the purchase of Government stores in India, whether in the usual way of business or under a guarantee of purchase over a fixed period, and probably also fiscal measures."

Prior to this date Local Governments had been consulted on the Commission's proposals and had given them general approval. On all the main proposals, indeed, there was almost complete unanimity. Directors of Industries had already been appointed in most of the major provinces, but their departments were not equipped to fulfil the large programme assigned to them by the Commission. Although there was a distinct tendency on the part of the public to criticize the proposals for the new all-India services (which had failed to secure the assent of one member of the Commission, Pt. Madan Mohan Malaviya), the necessity for these services was generally accepted by Local Governments. One Government was opposed to the creation of an industrial service; none opposed the creation of the scientific services. There appeared indeed to be fairly general agreement among Local Governments that the carrying out of the policy advocated by the Commission required the type of machinery which the Commission proposed.

The next step was the working out of the details of the organization and a beginning was made with the proposal for a Chemical Service. Following the Commission's recommendation the Government of India appointed in the autumn a Committee to consider whether an all-India Chemical Service was the best method of attaining the ends which the Industrial Commission had in view, and to frame proposals for the organization of industrial research. The Committee was also to work out proposals for the constitution of a Chemical Service if it approved the creation of such a service. The Committee had as its President Professor Jocelyn Thorpe, C.B.E., F.R.S., of the Imperial College of Science and Technology: of the six other members, five were chemists of distinction and all were acquainted with Indian conditions.

The Chemical Services Committee presented its report in February 1920. With the exception of Sir P. C. Ray, the members were agreed that a Chemical Service should be established having as its primary object the encouragement of industrial research and development. The Committee had apparently little hesitation in reaching

this conclusion which was supported by a large proportion of the written evidence, and the President observed—

> "During the tour it soon became apparent that the development of the Chemical Industries of India could only be adequately realised through the agency of an efficient Government Chemical Service. Very few of the great natural resources of the country were being exploited to advantage and where, here and there, this was being done the processes employed were often crude and wasteful. It was evident that if the resources of the country were developed to their fullest extent, India would take her place in the front rank of industrial communities and would benefit by all the advantages that this implies.
>
> In the Provinces visited, there was no lack of appreciation of this fact, but the main trouble seemed to be the absence of any effective organization to advise and co-ordinate the various efforts which were being made to meet the situation. Moreover, although the need was clear to them, none of the Provinces had as yet formulated a programme of their requirements nor had they decided what educational methods were necessary to achieve the desired ends."

The Committee recommended the organization of a series of research institutes to be established at the chief centres of industry in each province, which were to work on chemical problems relating to industry and to develop new industries. Each would be under a Director of Research subordinate to the Local Government, but their work would be co-ordinated by a central research institute at Dehra Dun whose primary function would be the creation of new industries and the development of new processes "up to the 'semi-large' scale or further if necessary" The central institute would be in charge of a Director-General of Research who would control the Chemical Service and who would be assisted in the Institute by four Deputy Directors in charge of Departments.

Professor Ray, while indicating that he was in substantial agreement with the major portion of the report, opposed strongly the creation of the Chemical Service. He wrote "I consider that the days of Government Services are over and that the development of industries by the agency of a Government Service is not the most suitable way of dealing with the probelm."

CHAPTER III.

Constitutional Reforms.

The presentation in 1920 of the reports of the Chemical Services Committee and of the Stores Purchase Committee, whose recommendations will be considered later, may be said to have marked the com-

pletion of the scheme whose framework had been prepared by the Industrial Commission But before it could be put into execution a new factor had made a fundamental change in the situation. This was the introduction of the reformed constitution.

The Industrial Commission had been appointed before the famous declaration of August 1917 regarding self-government for India and they had finally approved their report before the appearance of the Montagu-Chelmsford report on constitutional Reforms. Their scheme, therefore, was framed on the basis of the system of Government as they knew it and could not take account of the uncertain changes ahead. In a postscript they stated that they were unable to re-examine their conclusions and recommendations in the light of the reform proposals without incurring undesirable delay. And they added "It is evident, however, that our scheme is in general accord with the administrative changes proposed by His Excellency the Viceroy and the Secretary of State"

The Montagu-Chelmsford report, indeed, contained a definite affirmation of the principles underlying the Industrial Commission's scheme. After recording their conviction that economic factors entered largely into the political situation in India, the authors of the report discussed the weakness of India's economic position, the strength of Indian feeling in favour of official action, and the considerations of policy which justified the adoption of a new position. On the broad question of policy

[illegible]

believe that this is true in the case of industries : and that if the resources of the country are to be developed the Government must take action." "We are agreed," they added, "that there must be a definite change of view; and that the Government must admit and shoulder its responsibility for furthering the industrial development of the country. The difficulties by this time are well known. In the past and partly as a result of recent *swadeshi* experiences, India's capital has not generally been readily available; among some communities at least there is apparent distaste for practical training, and a comparative weakness of mutual trust, skilled labour is lacking and although labour is plentiful, education is needed to inculcate a higher standard of living and so to secure a continuous supply; there is a dearth of technical institutions; there is also a want of practical information about the commercial potentialities of India's war products. Though these are serious difficulties they are not insuperable; but they will be overcome only if the State comes forward boldly as guide and helper." After observing that, if the speculative element in Government activities in respect of industries was to be minimized, there must be a marked expansion of the technical services, they referred to the Industrial Commission's policy in the following terms :—

"The Industrial Commission has not yet submitted its report: But we understand that it is likely to lay stress on a sub-

stantial increase in the scientific and technical services of the country and their organization under a separate department of the Government of India,...............We understand that it is suggested that the new Department should control the purchase of Government stores and the administration of ordnance factories, and thereby be brought into active touch with industrial development all over the country. We do not wish to anticipate discussion of the Commission's proposals. But *we may say that our own* inquiry leads us to believe that there are many questions of importance waiting to be taken up by a new agency, *and sufficiently related* to each other to form the matter for a new administrative unit. We believe that they are also regarded by the public as sufficiently important to be separately recognized. It has been left for the war to bring out fully the need for advance in the industrial sphere as in the spere of politics. But in any case we can see no reason for hesitating to move forward boldly in a matter in respect of which considerations of military security, political expediency, and economic advantage are coincident, and are in agreement also with the interests of the Empire as a whole."

In the illustrated list of provincial subjects appended to the Report the "development of arts and crafts and local industries" was shown as a provincial subject and marked as one that might suitably be transferred. Technical education was placed in the same category. It was evidently the view of the authors of the report that the development of industries which could not be regarded as local should be a central subject and this, and their acceptance of the fundamental principles underlying the Industrial Commission's report appeared to justify the conclusion of the latter body that their scheme was in general accord with the reform scheme.

But, from another point of view, there were strong reasons for regarding the two schemes as essentially inconsistent. Thus Mr. (afterwards Sir) Charles Innes discussing the Commission's report in January 1919, wrote—

"It must be clear to any one who reads the report carefully that throughout it is centralizing in tendency, and though the Commission claims that its scheme is "in general accord with the administrative changes" proposed in the Reform Scheme, and though in paragraph 310 of the Reform report, the Viceroy and the Secretary of State certainly give the proposals of the Commission a preliminary benediction, I confess that I do not think that it is possible to square the proposals of the Commission with the second of the four formulæ laid down in paragraphs 188—191 of

the Reform report.* It may be admitted that industrial reform is essentially complementary to political reform, but it is equally evident that we have two antagonistic forces at work The Commission is concerned solely with India's industrial deficiencies, and deliberately it has set itself to devise the most efficient way of remedying those deficiencies The reform scheme, on the other hand, of set purpose, is prepared to sacrifice efficiency to other and wider considerations Hence the one scheme hinges on centralization and efficiency, the other on decentralization even at the expense of efficiency. Ultimately therefore the decision depends on the view taken regarding India's industrial position. If the Commission is right in holding that India's backwardness in industrial development is so serious as to involve political, economic and even national danger, it is justified in asking local Governments to agree, in the interests of efficiency, to a period of centralized control."†

It should be added, however, that this point of view was not at that time universally accepted. The President of the Commission pointed out that the Commission had been careful to avoid the word "centralization" and stated that such centralization as it contemplated was a centralization of advisory functions. And Mr. (afterwards Sir) Ernest Low, who had been an official member of the Commission and was deputed to discuss their proposals with local Governments, was able to reassure local Governments on the question of centralization. Thus the Madras Government wrote—

"It would appear from the official summary of the report that the Commission proposes to lay on the Imperial Department of Industries the responsibility for the "Industrial policy of Government and the inauguration and carrying of a *uniform programme* of industrial development throughout the country." The functions of the Imperial Government as set out in paragraph 214 of the Commission's report include a duty to 'watch over provincial administrations in order to secure the maintenance of a uniform industrial *policy*.' The expression '*uniform programme*' is somewhat vague and suggests considerable interference with the programmes of provincial Governments. The Madras Gov-

* *Viz.*, "The provinces are the domain in which earlier steps towards the progressive realization of responsible Government should be taken Some measure of res-

† Letter written as Director of Industries, Madras, and published in correspondence relating to industrial Commission's report appended to Commerce and Industry Department Resolution No. 81-D. of 15th November 1919

ernment however understand that the expression need not necessarily be interpreted as indicating any intention on the part of the Commission that the Imperial department should interfere otherwise than by suggestion and advice in matters within the competence of the Local Government. Mr. Low has informed this Government that the Commission's intention was merely to ensure that one provincial Government should not lag behind the others in industrial development and that if one link in a chain was lacking the Government of India might endeavour to persuade the provincial Government concerned to supply the link or, failing local enterprises, the deficiency might be supplied by the Imperial department. In view of this explanation, the Governor in Council accepts the proposals of the Commission in this respect."*

At a later date the Chairman of the Committee which advised on the allocation of functions to the central and local Governments, speaking of the Industrial Commission's report, said "the terms of the Report were not perhaps perfectly clear in some places as to whether it was contemplated that the Indian Department of Industries would have the power of command and control, or only be a source of advice. As interpreted to us by Sir Thomas Holland, the idea was that they should rely on such control as they would obtain over Provincial activities through the excellence of the advice they would be able to give.... ...."

It is not now possible to say what would have been the outcome of the Commission's report had the reforms not intervened. In respect of technical education, they made it clear that the functions of the Central Government's officers would be purely advisory; but it is difficult to believe that in other directions their aims, particularly "the maintenance of a uniform industrial policy" could have been fully achieved without a Central Department which was in a position to exercise control otherwise than by the excellence of its advice. And apart from the question of control, it was undoubtedly the intention of the Commission that the Central Government should be in a position to incur, where necessary, heavy expenditure on the development of industries. It is not surprising therefore that the bulk of Indian opinion saw in the Commission's scheme a definite move towards centralization. Indeed the United Provinces Council adopted a resolution introduced by Mr. Chintamani (afterwards Minister for Industries in the United Provinces Government) which affirmed not merely that local Governments should be given full liberty of action in respect of the development of industries, and that the proposed new services should not be created, but recommended also that no portfolio for industries should be created in the Viceroy's Council.

* Correspondence relating to Industrial Commission's Report.

The demand that industrial development should be entrusted to ministers in the local Government was fairly general. The subject was one in which public opinion was keenly interested and it was believed that if a big advance was to be made, ministers would be likely to show more enthusiasm and secure more support than the Government of India or the reserved sides of local Governments. The Functions Committee's proposals were in accord with the popular view, for they recommended that the "development of industries, including industrial research and technical education" should be a provincial subject and should be dealt with on the transferred side of the Government in all provinces Evidently referring to the division suggested in the Montagu-Chelmsford Report, they added that they had been unable to draw any dividing line between 'local' and other industries". "Central institutions of scientific and industrial research" appeared in the proposed list of all-India subjects, and also the control of mineral development (but not the development of Government mineral resources)

In spite of the allocation of the subjects last mentioned, the proposed distribution seemed to make it impracticable to proceed with the Industrial Commission's policy For it would scarcely be possible for them to spend money directly on industrial development, and they could not maintain, except in institutes the expert staff which was essential if they were to advise and guide the provinces. Further, with the assignment of the subject in the provinces to ministers, it would become impossible for the Central Government to fulfil the function of "the maintenance of a uniform industrial policy," assigned to it by the Commission. The Government of India accordingly felt bound to oppose the recommendation. Their conclusions were that the development of industries should be concurrently undertaken by the local Governments and the Government of India, and that the subject should be reserved. In this subject they included industrial education.

Their arguments for giving the Government of India responsibility for the subject were given in the following paragraph from their despatch to the Secretary of State :—

"In the first place we hold that the Central Government cannot possibly divest itself of responsibility for the industrial progress of the country, which is necessary to secure its military safety, its freedom from outside economic aggression, and its social and political stability. The Government of India's control of railways, tariffs, foreign trade relations and intelligence, the central scientific industries and such services as the geological survey, further emphasises their responsibility in respect of industries. That responsibility should, we think, be discharged by furnishing advice and help to local Governments, by co-ordinating their efforts and by working concurrently with them, rather than by direct control. Secondly, the expenditure on many of the

measures necessary for industrial progress is very high. Research and industrial experiment are exceedingly costly in proportion to their results in any one part of the country; without a large and highly specialized technical and scientific staff, mere administrative effort will be barren; nor are either the finances or the requirements of local Governments extensive enough to enable them to give appreciable assistance to large enterprises by loans, guarantees or undertakings to purchase products. The scale of some of the individual enterprises which have recently been started in India was probably not fully present to the minds of the committee when they made their recommendation. Thirdly, experiments, often on a commercial scale, will have to be undertaken, if dangerous gaps in our economic armour are to be closed, and essential links in the industrial chain are to be forged, while there is yet time. There must be a central authority responsible for seeing that this is done, and such authority must command finances sufficiently large and sufficiently elastic to enable them to do the work themselves, if necessary. Finally, a central agency, equipped with a full scientific and industrial staff, is needed to help and advise local Governments, to co-ordinate their efforts, to pool their experience and to set the pace of the advance." *

Further arguments were adduced against the transfer of the subject within the provincial field.

Mr. Feetham who had presided over the Functions Committee and Mr. (afterwards Sir) Hugh Stephenson, a member of the Committee, discussed these views in some detail in a Memorandum laid before the Joint Parliamentary Committee on the Government of India Bill. They said that the Functions Committee considered that the inclusion of central research institutions in the all-India list would enable the Government of India to make experiments on an industrial scale and to maintain scientific industrial services. And they observed that "the intention of the Committee was to entrust the provinces with sufficient power to secure development of their own industries, while giving the Government of India full scope in matters which could not be dealt with by individual provinces and in their proposals they were largely guided by the report of the Indian Industrial Commission and a note forwarded to them by Sir Thomas Holland, whose views are expressed in his formula '*For executive functions* decentralise to the fullest extent; prompt action on the spot guided by an intimate knowledge of local conditions must ordinarily be better than deferred action no matter how perfect be the advice on which it is based. *For advisory*

* Fourth Despatch on Constitutional Reforms, dated April 16, 1919, paragraph 117.

functions centralization in a country like this, which is practically devoid of technologists, is more than usually important '."

On the main question they stated that the Committee " were impressed by the strength of the desire that industrial development, on which the future of India so much depends, should rest in the hands of the representatives of the people." Dealing with the argument that untrained Ministers would have to administer a new subject without an established staff, they pointed out that the Industrial Commission proposed the creation of all-India Scientific Services and an Indian Industrial Service and added that if these proposals were accepted the weight of this objection would be greatly diminished.

In the Joint Select Committee the authors of this memorandum gave evidence and considerable attention was given to the question. The authors of the memorandum maintained that the proposals made were not inconsistent with the terms of the Report of Industrial Commission, as interpreted by the President of that Commission. Certain modifications were made in respect of industrial subjects before the rules were finally promulgated. Thus a new central subject was inserted, *viz.* " Development of industries, in cases where such development by central authority is declared by order of the Governor General in Council made after consultation with the local Government or local Governments concerned, expedient in the public interest " The Government of India were also entrusted with " Control of mineral development, in so far as such control is reserved to the Governor General in Council under rules made or sanctioned by the Secretary of State, and regulation of mines." And the development of mineral resources in the provinces became a reserved subject. But the development of industries, including industrial research and technical education, became a transferred subject in all provinces, and with the introduction of the Reforms at the end of 1920 the main responsibility for the development of industries by official agency passed to the newly-appointed Ministers.*

The general result was a separation of the spheres of influence of the Central and Local Governments in respect of the development of industries. The adoption of a policy of protection was, at a somewhat later date, to place the Government of India (with the concurrence of the [illegible]
stantially. [illegible]
ment of ind [illegible]
directions th[illegible] try was restricted. Local Governments, on the other hand, were unable to adopt protective policies and the comparatively small extent of their own requirements of stores made it difficult for them to do much by way of purchases. In other directions the powers which they could

* In Burma the reforms were not introduced until the beginning of 1923. In the Central Provinces there were no Ministers between 1924 and 1927, and there were no Ministers in Bengal for the greater part of the same period.

exercise with the concurrence of the provincial legislatures were, in theory at least, almost unlimited. But they had to face serious financial difficulties, and the two features which the Industrial Commission had regarded as the chief obstacles to progress, *viz.*, " the lack of a definite and accepted policy and the absence of an appropriate organization of specialized experts " remained after the Reforms. Local Governments which (on the transferred sides) were independent of each other and of the Central Government, could hardly be expected to frame their policy with a view to extra-provincial needs, particularly as no " uniform industrial policy " had been evolved under a unitary system of Government. And it was equally difficult for Governments so constituted to accept the " appropriate organization of specialized experts " which was an essential part of the Industrial Commission's programme. As the succeeding chapters will indicate, much was achieved despite these difficulties; but the element of co-ordination was necessarily weak, and in consequence it was not always possible to secure the fullest results from the efforts which were made.

CHAPTER IV.

ORGANIZATION.

In the meantime, the Board of Industries and Munitions had embarked on the endeavour to fulfil some of the functions assigned to the Central Department of Industries by the Industrial Commission's Report. While it was engaged in winding up the work of the Indian Munitions Board, it essayed to deal with the new questions to which the Commission had called attention, to guide the lines on which official policy in the provinces was to develop and to co-ordinate the work of the provincial departments. A branch was maintained for the purpose of dealing with industrial intelligence, and in May 1920 a Labour Bureau was established to deal with labour questions. Important schemes such as the establishment of a Stores Department and the construction of an Indian School of Mines were taken up in consultation with local Governments. A sum of over a lakh was spent on the acquisition of land at Dehra Dun for a Central Chemical Research Institute.

In the provinces also endeavours were made to organize on the lines approved by the Industrial Commission. Madras and the United Provinces had Industries Departments before the Commission was appointed, and in Bengal and Bombay Directors of Industries were appointed in the latter half of 1917; in Bengal, however, the permanent appointment of a whole-time Director dates from 1920. In 1918 Departments were formed in Assam and in the Central Provinces, but in these provinces the Directors of Industries were not, and are not now full-time officers. In Bihar and Orissa and in the Punjab Departments were created in 1920 and in Burma the Department of Industries commenced work early in 1921. The Industrial Commission had recommended that the Director of Industries should have the position

of a Secretary to the local Government for industrial subjects: but this recommendation was not accepted. At a later date the same officer held the appointments of Secretary to Government and Director of Industries in Bihar and Orissa; but the combination was effected mainly for reasons of economy and this arrangement is no longer in force.

With a view to co-ordinating provincial efforts a Conference of Directors of Industries was convened at Simla in April 1920. It was attended by the President and Members of the Board of Industries and Munitions, officials from all the major provinces, including eight Directors of Industries and a number of other officers dealing with industrial subjects. The more important questions discussed related to the organization of the growing provincial departments and the machinery by which the new policy was to be carried out. Although it was known by this time that industries and technical education would be transferred to the care of Ministers, the provincial representatives present at the Conference were all agreed as to the desirability of constituting an Indian Industrial Service.

It could, of course, be argued with some cogency that there was nothing inconsistent in the control of policy in respect of the development of industries by Ministers and the execution of that policy by means of all-India Services. In England Ministers have little influence on the selection of the personnel of the public service working under them, and in India Ministers were entrusted with the control of other Departments whose superior staff was composed mainly or exclusively of members of an all-India service. It was, moreover, clear that the creation of services such as the Industrial Commission contemplated would largely diminish in some directions the serious difficulties which faced those Ministers who had to embark on a new programme: and mention had already been made of use of this argument before the Joint Select Committee to support the proposal for the "transfer" of industries.

But this view did not take sufficient account of the position in India and of public opinion on the question. In the first place, there was clearly something anomalous in transferring responsibility for certain subjects to provincial Governments and creating at the same time to deal with these subjects new services whose pay, conditions of service, etc., would be determined by an authority in no way subject to these Governments. More important than this was the fact that, to the Indian public, all-India services were inseparably associated with the older form of Government and with the control of policy by an authority superior to the local Government. The fact that such services had been up to that time predominantly European emphasized their connection with the older régime and strengthened the anxiety not to add to their number. Pt. Madan Mohan Malaviya in the minute he appended to the Industrial Commission's report had already voiced a fear, which was shared by a considerable section, that the new services if created might for a long time remain practically the monopoly of Europeans.

And it was a very common view that, apart from this danger, all-India services were not compatible with responsible provincial Government; some, indeed, regarded all the services as an anachronism in the new conditions.*

The principle of an all-India Industrial Service had been accepted by the Secretary of State in September 1919, when he had also approved the proposal to create Committees to consider the Industrial Commission's recommendations regarding the scientific services. And, as already mentioned, the proposal to form both the Industrial and the Chemical Services had been approved by local Governments. But no active steps were taken to form the services, and further progress was left until after the Reforms were in operation. This was a wise decision for, although the recognition of the fact at the time seems to have been a little imperfect, it was almost inevitable that Ministers would be opposed to the formation of new services of the type proposed. Indeed, an indication of the coming reorientation of policy was available before the Ministers were appointed. For when, in the latter part of 1920, a number of local Governments replied to a request from the Government of India for their views on the Chemical Services Committee's report, there was a tendency to question the wisdom of creating a Chemical Service and even the Governments in favour of going on evinced little enthusiasm for the proposal.†

As a number of replies had been sent before Ministers had been appointed, it was decided to postpone action until the Ministers generally were in a position to give their views, and the subject was brought up before the Third Conference of Departments of Industries, held at Simla in May 1921. This Conference was attended by seven Ministers dealing with industries and eight Directors of Industries and devoted a long discussion to the question.‡ Sir Thomas Holland made a strong appeal for the creation of a Chemical Service. But although it was readily admitted that there were some advantages to be gained from such a service, the general view was on the whole critical. In the end it was decided to postpone a final conclusion in order to give local Governments an opportunity to review the position in the light of the discussion which had taken place. A similar decision was reached as regards the Industrial Service. The Fourth Conference, held in Calcutta in April 1922, was definitely opposed to the creation of either the Chemical Service or the Industrial Service. The views of the Conference were later confirmed in official correspondence and the proposals were accordingly abandoned.

The decision admittedly made it impossible to carry out the policy of the Industrial Commission, and a significant comment on it was made

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* See, for example, Sir P. C. Ray's minute of dissent to the Chemical Services Committee's report.

† A summary of most of the replies is given in *Bulletin of Indian Industries and Labour* No. 18, pages 93-94.

‡ The minutes were published in *Bulletin of Indian Industries and Labour* No. 18.

in 1927 in the report of the Bombay Industries Committee which was able to view the position with the experience gained by subsequent years. This Committee, consisting almost entirely of non-officials, most of whom were members of the Legislative Council, wrote—

> "During the years 1916 to 1918 the Indian Industrial Commission, under the presidentship of Sir Thomas Holland, was touring the country, and all subsequent thought and effort in the direction of industrial development in India has been largely affected by the recommendations of that Commission; and this committee is of the opinion that Government [illegible]
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> ments depend in many vital particulars upon corresponding action by the Central Government, whereas the Central Government have rejected some of the most important of the Commission's proposals. This question assumes great importance when we consider the industries which we can usefully try to develop and the expert assistance necessary for the purpose. The recommendations of the Industrial Commission for the development of industries in the provinces depend upon the Central Government providing two all-India Services, those of industrial chemists and industrial engineers. Our problem would be very much simplified if there were any such central pool of industrial experts upon which we could draw for the supply of men to man a provincial department. No province can afford to employ specialists in every industry which might be developed in that province. But, if a central pool were available, an expert in any particular industry might be taken by the province for a few years only, as was the intention of the Industrial Commission."*

But, if the position at the time is realized, the decision reached by the Ministers is seen to be almost inevitable, and it must not be forgotten that the creation of the services, while it would undoubtedly have advanced the policy of the Industrial Commission, would have brought its own difficulties, political and otherwise Indeed, in other transferred Departments, the advisability of transferring the superior personnel to the complete control of local Governments has since been recognized, and even if new all-India Services had been created, it seems not unlikely that they would have come to an end a few years later. It is particularly unfortunate that the Industrial Commission had to report in advance of the introduction of the Reforms and not at a later date, for it would probably not have been beyond their powers to devise a system which, while taking full account of the altered position, would

* Report of the Industries Committee (Bombay), 1926-27, paragraph 12.

have conserved many of the advantages which their scheme was designed to secure.

But if it was no longer possible to carry out the general scheme designed by the Industrial Commission, their recommendations were still extremely valuable as indicating the lines along which the provincial departments should be organized. Ministers, on taking over their portfolios, found Directors of Industries in existence: in most cases they were assisted by Advisory Boards as recommended by the Commission; in the Punjab three local Boards had been formed. But in the majority of provinces the departments were in an embryonic stage: most of the staff necessary to enable them to operate had still to be appointed, and programmes of work had to be prepared. In every province an advance began. Experts were recruited, local officers appointed, old schemes revised and new schemes prepared, and increased expenditure sanctioned. There were, of course, difficulties; experience was small in most provinces, experts were not always forthcoming and resources were limited. Even where the men were available, provincial governments were not always able to maintain a sufficient variety of experts to enable them to cope with the various activities that they recognized to be desirable. Further the general economic situation was gradually deteriorating. The prospect of industrial development which had appeared to be extremely bright became considerably dimmer before most of the new Departments could effectively participate. But in the first year or two of the new ministries' existence, substantial progress was made and the outlook, for a time, was hopeful.

At the same time the Central Government maintained its efforts to carry out as far as was now possible the scheme of the Industrial Commission. Evidence of its determination was seen in the creation of the Central Department of Industries in February 1921. The department took over the work previously done by the Board of Industries and Munitions and it thus assumed responsibility for most of the subjects which the Industrial Commission desired to see allocated to it. But technical and industrial education could not be included in the list nor could the new Department assume responsibility for the development of industries, save in exceptional circumstances, for these subjects were now in the care of Ministers. So that it is not too much to say that what the Commission regarded as the most important functions requiring the formation of a new Department were outside the purview of that Department when it was formed. And with the abandonment of the proposal for the industrial and scientific services, the influence which the Department could exercise on industries became further diminished. It is true that the Department had to deal with a number of subjects of importance: but most of these were not of a character which made a new Department essential. There were indeed only two subjects of first class importance which involved the adoption of a new policy and an advance along new lines in the manner indicated by the Commission—these were labour and the purchase of Government stores.

In connection with the subjects transferred to ministers, efforts were made to co-ordinate provincial activity and so to fulfil the intentions of the Industrial Commission. Reference has already been made to the Conferences of Provincial Departments of Industries, of which four were held between 1920 and 1922. The proceedings of these Conferences have been published. they naturally dealt for the most part with provincial subjects and on these Ministers and Directors of Industries were enabled to exchange views. Indeed the main value of these Conferences lay in the opportunity they afforded for those facing similar problems in different provinces to meet and to pool their experience. They were also intended to give Ministers and Directors an opportunity of seeing on the spot industrial developments in other provinces: thus the second Conference was held at Cawnpore and the fourth at Calcutta.

In other ways, too, attempts were made to co-ordinate provincial work. Following suggestions made at the first Conference the Central Government commenced the issue of three kinds of publications relating to industries. The *Journal of Indian Industries and Labour* which was published quarterly from February 1921 till May 1923 was intended both to act as a bond of union between those working on the subjects in different provinces and to give to a wider public information which would assist Indian enterprises Specialized subjects were discussed in the *Bulletins of Indian Industries and Labour* which were published at irregular intervals. And a *Monthly Circular* was issued from January 1921 by the Central Department of Industries, this was not available to the public, but served as a medium in which Directors of Industries and the Central Department could exchange information regarding industrial developments. Each provincial department was thus enabled to reap the benefit of the experience that was being gained in other provinces and to maintain constant touch with industrial progress in India as a whole.

But by 1922 financial stringency became general and it was evident that both in the Central Government and in the provinces, retrenchment would be necessary. In the provinces the young industries departments naturally presented themselves to the financial woodcutters as suitable subjects for their axes. They were for the most part admittedly new departments and they spent money to an extent not contemplated only a few years before. The larger industrialists did not require the new departments and their voice was in some cases influential in determining the extent to which development should be arrested; those engaged in minor enterprises and cottage industries which the departments were primarily intended to foster were not vocal. In one or two cases, it must be admitted, the departments had not yet fully realized the limitations on their own possibilities. Even in respect of the smaller industries, most of the results to be gained from their expenditure lay in the future rather than in the present and those who were convinced of the value of the work initiated could seldom claim that it was indispensable.

As a result of the necessity for economy, there was no province where progress was not checked but departments in provinces where the financial stringency was most acute naturally suffered most severely. Thus in Bengal, the Director in his report for 1922 was able to say that the organization, so far as the staff of officers was concerned, was nearly completed during the year. This organization followed fairly closely the lines laid down by the Industrial Commission and included five circle officers and five headquarters officers—a Director, a Deputy Director, an Inspector of Technical and Industrial Institutions, an Industrial Chemist and an Industrial Engineer. The local Retrenchment Committee remarked "The Department...... purports to be engaged in the execution of an active policy of fostering and developing the industrial growth of the provinces". And having come to the conclusion that in the existing circumstances the work of the Department could not extend "beyond giving somewhat elementary advice and help to small industrial concerns and cottage industries, largely in the direction of collecting information and making it readily available to those in need of it", they proceeded to recommend drastic economies. Their recommendations were not fully accepted, but in 1923 the five circle officers were all discharged and of the five other posts, two remained vacant for over two years.

In Bombay, the Advisory Committee attached to the Industries Department were consulted in 1922 by Government on the advisability of closing down the Department and recommended this course. The Department was thereafter maintained in a skeleton form until its abolition in May 1924. It was recreated in July 1925, but with greatly reduced functions and resources. In April 1927 it again suffered eclipse; no appointment was made during 1927 to the Directorship which then fell vacant, and the supervision of the activities of the Department was divided between the Collector of Bombay and the Registrar of Co-operative Societies.* In Burma the Department of Industries did not survive after 1922 but the development of cottage industries was made the care of a new Cottage Industries Department which started early in 1923. Elsewhere, posts were abolished, expenditure reduced and schemes postponed. Progress everywhere was retarded and most of the provincial departments were severely [illegible]
For example, in the Central Provinces, [illegible]
before the Legislative Council in Augu [illegible]
for the industrial development of the province estimated to cost about 20 lakhs. This included extensive experimental and research work, the development of minor and cottage industries, and a big advance in technical and industrial education. The greater part of the programme was abandoned. It is only fair to add that retrenchment, while it prevented the development of many useful activities, was responsible for the abandonment of some projects which later experience has shown to be unsound.

* A Director of Industries was appointed in 1928.

The activities of the Central Department came under the review of the Retrenchment Committee in 1922-23. That Committee*, discussing the formation of what is described as "the so-called Industries Department" wrote—

> "It is doubtful whether at that time sufficient regard was had to the fact that, under the Reforms Scheme, the development of industries had been classified as a provincial transferred subject save in cases where such development by central authority is declared, by order of the Governor-General in Council made after consultation with the Local Governments concerned, to be expedient in the public interest. We understand that no such declaration has ever been made in respect of any industry."

And the Committee proceeded to recommend the discontinuance of nearly all the new activities undertaken in consequence of the Industrial Commission's report. They recommended the combination of the Department with the Commerce Department, the abolition of the Industrial Intelligence Section, the abolition of the Labour Bureau, the postponement of the construction of the School of Mines, and the reduction of the Stores Department which had recently been organized and was still in the initial stages of development.

Some of their recommendations were accepted. The Industrial Intelligence Section disappeared and with its elimination, the new Department became unable to undertake any co-ordinating work in connection with industries. The inter-provincial Conferences came to an end, the publications were discontinued,† and all attempts to assist in provincial activities were abandoned. The Labour Bureau was abolished, but arrangements were made to carry on some of its work and the new Department was given the name of 'the Department of Industries and Labour'. The Commerce Department, however, retained its separate identity, and the new Department took over instead the work of the old Public Works Department including responsibility for Posts and Telegraphs, which the Inchcape Committee had proposed to allocate to a Communications Department. The School of Mines project had to be set aside for the time being, but the recommendation regarding the curtailment of the Stores Department's activities was not accepted.

In the new Department subjects connected with Industries formed a much smaller proportion than in the old one, and the curtailment of such activity as had been attempted marked the end of the endeavours to work on the main lines laid down by the Industrial Commission. There was, indeed, some force in the criticism made by the Inchcape Committee regarding the imperfect realization of the changes made by the Reforms. Neither in the Central Government nor in the

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* Report of the Indian Retrenchment Committee, 1922 23, page 131.

† The Bulletins of Indian Industries and Labour began to appear again in August 1925

Legislature was the extent of the divorce between central and provincial activity in certain directions fully realized at first. Thus the Legislative Assembly over a year after the introduction of the reforms recommended, in a resolution, generous expenditure on State technical scholarships in a number of subjects for which the Central Government were not now responsible. The Government of India had already been advised by the Auditor-General that they were no longer competent to grant such scholarships. It may be doubted, indeed, if the Central Legislature ever fully acquiesced in the constitutional position resulting from the transfer of the development of industries. As late as 1927 a resolution was moved in the Council of State calling on the Government of India to spend 50 lakhs annually for ten years on " the development of new industries in India under the direct supervision and control of the Government of India ". The mover, The Hon'ble Seth Govind Das, who obtained considerable support, laid stress on the difficulties of Ministers in dealing with the subject and added " I do not see any salvation until and unless the Government of India intervenes ". He urged co-operation between the Government of India and local Governments in the matter and suggested that the difficulty should be brought before the Statutory Commission on Constitutional Reforms.

CHAPTER V.

TECHNICAL EDUCATION.

In reviewing the various branches of Government activity in respect of industries it is convenient to begin with technical and industrial education. Success in other directions is largely conditioned by progress in this direction and even those who are most inclined to limit Government activity recognize the provision of education for industry as a legitimate function, indeed a duty of Government.

(a) *The question of control.*

The period under review has been characterized in most provinces by the control of technical and industrial education by departments dealing with industries rather than departments dealing with education. Reference had already been made to the slow progress made in earlier years and to the efforts on the part of those Governments who took the initiative in participation in industry to transfer the control of industrial education from the departments of public instruction. The Industrial Commission strongly supported this tendency. After a detailed discussion of the merits of the question, they recommended that, with the exception of institutions of collegiate rank, all industrial and technical institutions should be controlled by Departments of Industries. They laid particular emphasis on the necessity of correlation between education of this type and the requirements of industry, and they regarded the Departments of Industries as the only organiza-

tions which could secure that correlation. These views, they added, had the support of almost every educationalist of standing who appeared before them

In Burma technical education was not transferred to the short-lived Industries Department, but the Cottage Industries Department assumed responsibility for the industrial schools. A Committee which reported in 1927 on Technical and Vocational Education in Burma approved this arrangement and proposed that other important branches of technical education should be controlled by a Board directly responsible to the Minister for Education Elsewhere the recommendations of the Industrial Commission were generally followed except in Bombay. There an industrial workshop was placed under the Industries Department for some time and that Department also supervised the weaving schools, but the Department of Education (assisted by a Committee of Direction) remained in control of technical and industrial education. The majority of a Committee which considered the subject of technical education in Bombay in 1921-2 recorded their opinion that in common with most other provinces, the provincial Department of Education has not handled with confidence the problems of technical education . But they recommended that technical education should remain under the Director of Public Instruction, the immediate control resting with an enlarged Committee of Direction, over which the Director of Industries could, if necessary, preside.† Unfortunately his department was shortly to suffer eclipse and a Committee appointed by the local Government in 1926 to examine the working of the reconstituted department found that the Director of Industries was not a member of the Committee of Direction. They recommended his addition to that Committee and advised that industrial education should be placed under his control

In Madras, a committee on technical and industrial education which presented its report in 1923 approved the system then in force by which trade and industrial schools were supervised by the Industries Department and the colleges and higher institutions by other departments. In the United Provinces, a committee appointed to review the working of the Industries Department received a memorandum from the Director of Public Instruction expressing the view that technical schools should be brought under his department, and they accepted the view that a change should ultimately be made in this direction. But the United Provinces Government, which in early days had taken the lead in advocating with emphasis the transfer of technical education from the education department, observed "The Government have accepted the Industrial Commission's advice that the Industries Department should inspect technical schools, and see no reason to depart from it". They added, however, that, as the Commission recommended, they would seek the advice and co-operation of the Education Department.

† The minority recommended that the agency in charge of technical education should be controlled by a Provincial Development Council and that the participation of the Director of Public Instruction should be limited to membership of the Council.

(b) Technical education abroad.

An important branch of technical education for Indians is the system of State Technical Scholarships for study abroad. The introduction of the Reforms was attended by the provincialization of the existing scheme. The Government of India were precluded by the changes in the constitution from granting scholarships except in a very limited range of subjects, and the provincial governments were free to adopt any scheme that appeared suitable. Generally they have continued to grant scholarships on the lines of the system formerly in force. The most common period for scholarships is three years, a year's further extension being given in a number of cases. They generally amount to about £240 annually, with free passages both ways. Occasionally a premium has also been paid for securing admission to a factory.

The Committee on Indian Students of 1921-22, over which Lord Lytton presided, emphasised as the only effective solution of the needs of Industrial students the development of facilities for technical studies in India in co-ordination with Indian industries. But in spite of great advances in technical education within India in the last few years the demand for technical education in England and elsewhere does not appear to be diminishing: in fact one effect (which was anticipated by the Industrial Commission) of the advance in technical education in India has been to increase the number that can benefit by training abroad. Local Governments generally have shown a tendency in recent years to increase the number of scholarships but the numbers sent exhibit wide variations. The Madras Government maintain 8 or 9 scholars, and the Government of Bihar and Orissa give three scholarships annually: in the Punjab the scheme for scholarships has been in suspense for almost the whole period. The following figures show the number of State Technical Scholars under the supervision of the Education Department of the High Commissioner for India in each year :—

Year	1921—2.	1922—3	1923—4.	1924—5.	1925—6.	1926—7.
Scholars .	35	30	35	40	49	57

The majority in each year are engaged in receiving a University or College training; but a substantial proportion are employed in works and factories. The subjects of study cover a very wide range. Chemical technology in various branches naturally claims a large proportion, as the opportunities for first-class training in this direction in India are small: the industries most commonly selected are oils, dyes and leather. Other industries studied by provincial scholars include glass, sugar, industrial alcohol, electro-plating, saw milling and drugs. Scholarships are not given in civil engineering, which is extensively taught in

India, but several have been given in other branches of engineering, particularly electrical engineering. Mining and geology have had fewer scholars than formerly; with the adoption of the project for an Indian School of Mines, the Government of India ceased to give scholarships in these subjects from 1925. Several scholarships have been given by the Government of India in metallurgy.

The Industrial Commission commented on the fact that many scholars found themselves compelled, on their return, to adopt another means of livelihood than that for which their scholarship had trained them, and they suggested that scholarships should only be given to men who had already committed themselves to industrial work. This rule does not appear to have been generally followed, for in 1924 the Indian Students' Department in London stated that such evidence as it had indicated that a large proportion of returned scholars failed to secure employment in the special branches for which they have been trained. Scholarship schemes have been revised in many provinces since then, and scholars are frequently selected with the assistance of a local Board, who are competant to assess the opportunities available in different industries

A new departure has, moreover, been made by granting scholarships to actual industrialists, a system which virtually eliminates the risk of scholars returning to find that the capability they have acquired is not wanted. In Bombay in 1921 travelling scholarships of Rs. 5,000 each were awarded to two owners of a gold and silver thread factory to enable them to study improved methods of manufacture in Europe. This experiment was undertaken in consequence of a recommendation by the Advisory Committee on Industries, which desired to see scholarships granted to industrialists to enable them to go abroad and return with ideas that would assist Indian industry. More recently, the United Provinces Government, in addition to granting the ordinary long-term scholarships, have adopted a system of granting short-term scholarships to enable men actually engaged in manufacture to receive training abroad in the industries and trades in which they are engaged. The scholarships amount to Rs. 2,500 each, and they are given only to men whose previous experience of their trades enables them to benefit by a short-term training abroad and who are in a position to supplement the assistance given by Government. The industries in which such scholarships have been granted include hosiery, leather, sugar and soap making.

And in a number of recent cases, the grant of scholarships has been closely related to possible vacancies in Government service. For example, the Government of Bombay and the Government of India have recently granted scholarships to apprentices from their printing presses, with a view to their employment in higher appointments in the presses if qualified. At present the Government of India are granting one such scholarship annually, each scholarship being held for four years. The Madras Government have also adopted a somewhat similar scheme in which part of the training is given in the Madras Trades

School. A scheme for training men in aviation, designed to meet the requirements of the Civil Aviation directorate, has recently been instituted. Schemes of this kind as a rule bind the scholar to serve Government for a period of years on his return if so required, provided that he is offered a post of not lower than a specified minimum salary, but they do not carry a guarantee of an appointment. A scholarship recently granted for the study of wood technology in America was also granted [illegible] who returned during the period were given appointments. A number of other state scholars have also obtained official appointments.

But state activity in respect of technical education abroad is not confined to state scholars. The Education Department in the High Commissioner's Office in London, in addition to advising technical students from India, assists actively in securing facilities for their training. In respect of practical training, the major portion of the work is entrusted to the Director General of the India Store Department whose technical officers approach suitable firms. Facilities are limited in some directions, particularly in civil engineering, a subject in which India probably affords greater opportunities of experience than England. An arrangement has recently been made by which Indian students who have qualified as Civil Engineers from British Colleges (as well as from *Indian Colleges) are given a year's practical training on State Railways* in India. The student who in England would generally have had to pay the usual premium of 100 guineas, receives a stipend of Rs. 100 per mensem while training in India.

(c) *Engineering Colleges.*

In India in 1921 there were only four Government technical institutions of collegiate rank—the four engineering colleges at Rurki, Guindy, Sibpur and Poona. Two more engineering colleges have been added. The Maclagan College of Engineering, which was opened at Moghalpura, near Lahore, in 1923, was established to provide training in mechanical and electrical engineering. The college training is given in conjunction with practical training in the Moghalpura workshops of the North-Western Railway. The higher classes are designed to produce qualified mechanical and electrical engineers; the lower classes train mechanics and electricians. Those in the upper classes spend three years in college and then receive two years' workshop training in the railway workshops. The mechanics and electricians' classes combine workshop duties as apprentices with college training throughout their five years' period, spending approximately one-quarter of their time in college classes. The competition for entry in both classes has been keen.

The Bihar School of Engineering which formerly aimed at the training of subordinate civil engineers and included artisan classes

was raised to the status of a college in 1924 and secured affiliation to the Patna University. The college in addition to its civil engineering classes maintains subordinate classes and an artisan class and trains mechanical apprentices. It has had to cope with some difficulty in recruiting its superior staff, which by 1927 had not reached the full complement, and the candidates for the mechanical apprentices' class have proved somewhat defective in quality. But the provision of facilities for higher education has met a real need, and there has been a big demand for entry to the higher classes. It is interesting to note that although engineering colleges, with one exception, are not supervised by Departments of Industries, the organization of the new colleges in Bihar and the Punjab was the work of these Departments.

Changes have also taken place in the existing colleges. The Rurki, Guindy and Sibpur colleges have all contracted their scope, with a consequent reduction in numbers, and greater power to concentrate on the lines of teaching for which the colleges were primarily intended. Rurki ceased to give training in mechanical and electrical engineering in 1923, after a faculty of engineering, which has attracted large numbers, had been established in the Benares Hindu University: the college thus returned after many years to its original purpose, the training of civil engineers. In Guindy and Sibpur subordinate classes have been eliminated, provision for those who formerly entered these classes having expanded elsewhere. In Sibpur the mining classes have been closed as higher education in this branch is now available at Dhanbad. The question of establishing a College of Engineering in the Central Provinces was considered by a provincial Committee on Vocational Training; but they found that there was an insufficient demand to justify its establishment.

(d) *Specialized institutions.*

Two further Government institutions of collegiate rank have been established since the Reforms. The scheme for a Technological Institute at Cawnpore dates from the Naini Tal Conference of 1907. The scheme framed by that conference contemplated a division of the Institute between Cawnpore and Rurki; the Cawnpore branch supplying a training in chemical industries (and later in textiles) while the Rurki branch would give a training in various types of engineering. A technological department which was designed to include cotton technology was opened in the Thomason College, Rurki, but, as alredy stated, it proved a failure. Classes in textiles were held for some time at Rurki but were finally closed in 1920. The Cawnpore Institute began work in 1920, the intention at this time being to make it purely an institute for research. But it was decided in 1921 on the advice of an expert Committee to combine technological training with research, and courses were opened in general chemical research, oils and leather. A course in sugar is now being started. The erection of permanent buildings was substantially assisted by subscriptions offered in response to an appeal by Sir Harcourt Butler, whose name

the Institute bears. The pupils receive a preliminary training in mechanical engineering; this has been provided at Lucknow, pending the equipment of an engineering workshop in the Institute, and is designed to assist pupils to qualify as managers of large works or to start on business on their own account. Practical work is included in the course. The enrolment is 30 students. Candidates are willing to come at their own expense from other provinces, but not a single student from the United Provinces has yet entered without a stipend.

The Director of Industries in the United Provinces, writing in October 1927, gives the following particulars of the subsequent careers of the students. "Out of the total number of 33 students who completed their training in May, 1925, 1926 and 1927, seventeen are earning over Rs. 33,000 a year, five have started their own business, three have obtained overseas scholarships after being employed, four have either had posts or have been offered employment. Only four are unemployed". Most of the appointments have been given by European firms and the students have in some cases been given posts formerly held by trained Europeans.

The Indian School of Mines at Dhanbad was opened at the end of 1926. The proposal to establish a School of Mines was first mooted in 1914 and was examined and supported by the Industrial Commission. In 1921 the project was complete and a Principal was recruited. But the scheme was suspended on the recommendation of the Indian Retrenchment Committee and it was not until 1924 that funds were available for construction: the preliminary expenses in respect of buildings and equipment amounted to about 19 lakhs of rupees. The School is intended to act as a training ground for Mining Engineers and Geologists. A three years' course leads to a Certificate in coal-mining, metalliferous mining or geology and a four years' course to a Diploma in mining engineering or in geology. In addition to receiving full instruction in theory, the student is trained to use his hands and mind in the manipulation of tools and machines and in the conduct of operations. He is given ample opportunity of becoming familiar with mining operations and geological formations and is also required to undertake practical work in a mine or geological field work during each long vacation. The College is supervised by a Governing Body responsible to the Government of India who defray all its expenses. The entries are limited to 50 annually, under a system which secures some vacancies for every province; a considerable proportion of the students are in receipt of scholarships from provincial Governments or the Government of India. The entrance examination attracts a large number of candidates; an interesting feature hitherto has been the keenness of competition from the Punjab, a province which has few mines, and the success of Punjabi candidates in securing admission.

Specialized technological training of an advanced character is also given in the Bengal Tanning Institute, which was established as the Calcutta Research Tannery in 1919 and was placed on a permanent basis in 1925. The course covers two years and the subjects taught

in clude the principles of leather manufacture and analytical chemistry as applied to the manufacture, with these are combined the actual manufacture of leather at the demonstration tannery and laboratory work in leather. A preference is given to science graduates and those who have passed the intermediate science standard; but the educational tests are relaxed for those who have a connection with the industry. There has been keen competition for the available places, and the anxiety of youths of the educated middle class to obtain the training offered is a remarkable testimony to the extent to which the limitations imposed on this class by religious and social custom in respect of employment have broken down in Bengal.

In the important iron and steel industry a valuable technological training is now given in the Jamshedpur Technical Institute. This was started in 1921 by the Tata Iron and Steel Company in co-operation with the Bihar and Orissa Government: an initial grant of a lakh of rupees was made by the Government of India. The institution provides a sound theoretical training in metallurgy and other subjects along with a thorough practical training in the iron and steel works of the Company. The course lasts for three years and students have exceptional prospects of employment at the end of their course. Of thirteen students who completed the course in 1924, twelve were given five-year contracts by the Company on an initial salary of Rs. 200 a month, and one a similar contract starting on Rs. 150. Unfortunately the aversion on the part of educated youths to manual labour which has nowhere entirely died out is stronger in Bihar and Orissa than elsewhere and in spite of the prospects of employment and the grant of stipends during training, difficulty has been experienced in filling the places reserved for residents of the province. The Director of Industries observes that in the Bihar College of Engineering, which demands the same educational standard for entrance, although fees have to be paid and the prospects of employment afterwards are uncertain, the applications from residents of the province have far exceeded the available places.

CHAPTER VI.

TECHNICAL EDUCATION (CONTD.) AND INDUSTRIAL EDUCATION.

[NOTE —The terms 'technical education' and 'industrial education' are loosely

venient here and follows a fairly common practice to restrict 'technical education' to education, however elementary it may be, mainly or exclusively directed to the more organized branches of industry, e g, engineering, mining, and to regard as 'industrial education' training, of however high a standard, directed to unorganized branches of industry such as crafts and cottage industries. Schools which, although engaged in industrial education, so defined, also provide technical education have been treated as technical schools, but the proper classification of some schools is not free from doubt.]

(a) Technical schools.

The period under review has seen a distinct advance in the provision of technical schools, but progress in different provinces has been by no means even. In Bengal there was in 1920 only one higher technical school, the Ahsanulla School of Engineering at Dacca. This school has expanded considerably and two important new technical schools have been opened. The Kanchrapara Technical School began in 1922. Constructed by the Bengal Government, it is maintained in co-operation with the Eastern Bengal Railway. The ordinary course lasts for six years, during which practical training in the workshops is accompanied by theoretical training in the school; the latter occupies about a quarter of the apprentices' time. The school also prepares apprentices for further study for the profession of mechanical engineer at Sibpur. The Calcutta Technical School is designed to give a good theoretical training to lads who are concurrently receiving practical training in various trades and industries in Calcutta and its neighbourhood. The project was prepared by a Committee in 1920 and Government acquired a site at a cost of 8½ lakhs in 1921. But financial stringency prevented progress for some time and the school began in 1926, when it absorbed the evening classes of an existing aided school. The school is under the control of a Governing Body, substantial grants being made by Government. Another new development since 1920 is the constitution of a Board of Control for Apprenticeship Training, formed in 1921, which prepares syllabuses for training and conducts annual examinations for apprentices, and an examination for a Diploma in Mechanical and Electrical Engineering.

In Bihar and Orissa since the reforms a large proportion of the funds available for the Industries Department has been constantly devoted to technical education and substantial progress has been achieved. Reference has already been made to the conversion of the Bihar School of Engineering (the only higher technical school in the province in 1921) into an Engineering College and to the starting of the Jamshedpur Technical Institution. The Orissa School of Engineering was opened in 1923 with classes for lower subordinate engineers and artisans. In 1925 it was raised to the full civil engineering class and in 1927 a mechanical apprentice department was introduced. In North Bihar the Tirhut Technical Institute was opened in 1925. It includes a leather working class, a mechanical apprentices' class and an artisan class and has already proved very popular. A number of firms have agreed to take students for practical training. A third addition to the technical schools is the Ranchi Technical School which was raised to that status in 1926 after a useful career as an industrial school catering mainly for aboriginal students. The mechanical apprentices' classes, which were constituted in that year, received, like the older classes, more applications for admission than could be granted, and the passed students of this institution are absorbed in employment without much difficulty. The same period has seen the establishment of the Jamalpur Technical Institute, which is now maintained by the Railway Board in conjunc-

tion with the Provincial Government. The course here is for three months annually over a period of five years, and East Indian Railway apprentices from several centres attend it in batches

Reference has been made, in connection with the decision to keep technical and industrial education in Bombay under the Education Department, to the Committee which investigated the subject in that Presidency in 1921-22. The Committee was instructed to inquire into the existing position and to draw up a comprehensive scheme for the future needs The minority put forward an extremely comprehensive scheme involving additional capital and recurring expenditure amounting to about four crores of rupees in the following ten years; the majority were much less optimistic regarding the demand for technical instruction and the technically instructed, but made a number of proposals for reorganization. But financial stringency made immediate advance difficult and from 1924 the Local Government adopted a policy of postponing the claims of tenchnical and industrial education in favour of primary education. No new technical schools have been opened. The two existing schools, the College of Engineering Workshop at Poona, which was re-organized, and the R. C Technical Institute at Ahmedabad have more than doubled the number of their pupils between 1920 and 1927. The chief step taken to encourage higher technical education was the assistance given at a critical time to the Victoria Jubilee Technical Institute in Bombay. This institution which is a central technological institute attracting pupils from all over India found itself in serious financial difficulties in 1922. Mainly as a result of grants from the Bombay Government amounting to Rs. 6,80,000 it was able to complete its new buildings at Byculla, to which it moved in 1923, and to offer facilities for many more students. It receives an annual grant from the local Government of Rs. 1,25,000.

In Burma the Insein Technical Institute which is the only higher technical school was entirely re-organized in 1922, and its teaching is now connected with the engineering courses opened at University College, Rangoon, in 1924. The Institute, in addition to providing for artisans, gives intermediate courses in civil engineering and in mechanical and electrical engineering, and engineering students from the University attend the Institute for part of their couse. The Institute has been enlarged in every way and the numbers have risen from 101 in 1920 to 296 in 1927. Evening technical classes have also been organised in Rangoon in civil, mechanical and sanitary engineering and building construction and have proved increasingly popular.

In Madras no new higher technical schools have been started and it has been decided to close one of the two engineering schools. The Madras Trades School was transferred to permanent buildings in 1924 and placed on a permanent basis. It provides courses varying from five to two years in subjects connected with the engineering and building trades, and gives both theoretical and practical training. Technological certificates are given in mechanical and electrical engineering,

Classes in printing have recently been added, and there are also preparatory classes. The numbers on the roll have risen from 370 in 1920 to 638 in 1927. The Railway Works School at Perambur is an offshoot of the Trades School. Instruction is given here to apprentices of the Madras and Southern Mahratta Railway by the staff of the Trades School, the Railway Company meeting the cost. The Government Industrial Institute at Madura was reorganized in 1920 and since then has given a five years' course in metal working, including foundry and smithy work, machine shop practice and the management of machinery. There is also a full course in wood-working and short courses are given in motor car driving and mechanism. The numbers have risen from 49 in 1920 to 86 in 1927. The Leather Trades Institute gives technological instruction to a few students, but the demand for the training it gives has declined in recent years.

In the Punjab, no additions were made to the number of technical schools. But a weaving factory has been practically completed at Shahdara for the purpose of instructing graduates, matriculates and artisans in the management and use of power looms. The primary aim of the institution will be educational, but it is intended that it should be worked as a commercial factory. The Government Technical School at Lahore has developed both in numbers and in teaching. The demand for admission has been extremely keen and the numbers have risen from 321 in 1920 to over 800. The Kasur Engineering School has also increased in numbers.

In the United Provinces the three technical schools at Lucknow, Gorakhpur and Jhansi all date from before 1921. They have all increased the number of their pupils and there has been a steady rise in their standards. The first two schools have regular courses for both foremen mechanics and artisans but cater principally for mechanics. The Technical School at Jhansi gives theoretical instruction to apprentices on the Great Indian Peninsula Railway. The Textile School, opened in 1924 at Cawnpore, is intended for training foremen for power-driven textile mills. It includes a fairly complete cotton spinning and weaving mill, and also cotton gins. Lectures are also given in mechanical engineering, mathematics and physics, and textiles. A night class meets the needs of artisans in the local mills.

In Assam the Prince of Wales Technical School, Jorhat, was opened in 1927 with 93 pupils. It contains a class for mechanical apprentices, a motor mechanical class and a wood-working class In the Central Provinces the Engineering School at Nagpur has grown steadily in numbers, and additional classes have been opened both in the mechanical and in the civil engineering departments. Both in Assam and in the Central Provinces scholarships are systematically given to enable students to obtain higher technical education of the kind they require outside the province when facilities are not otherwise available, and this system is also followed in some respects by other provinces. Thus the Indian Institute of Science at Bangalore and the Victoria Jubilee

Institute, Bombay, have received scholars supported by several Governments, and practically all provincial Governments give scholarships tenable at the Indian School of Mines, Dhanbad. Governments in some cases also contribute to the espenses of institutions outside the province to secure the admission of students from their provinces.

(b) Other forms of training.

For the coal mining industry, technical education of the school standard is provided in classes in the coal fields. The classes which are maintained at several centres by the Governments of Bengal and Bihar and Orissa are held in the evenings and cover three years. They supply instruction in mathematics and science, mechanical drawing, mining and geology and mining engineering. The object is to enable educated employees to obtain certificates as mining managers. Classes are also held for those aspiring to qualify as sardars: these are conducted in the vernacular. T[illegible]
and improved in 1921, and a [illegible]
The depression in the coal ir[illegible]
ance and for the upper classes there is, in Bihar and Orissa, a dearth of students with good educational qualifications. But in 1926-27 there were over 500 on the roll of the vernacular class in Bihar and Orissa alone.

The past few years have seen great developments of the system of training apprentices in government factories and workshops. As has been already indicated, the training of State railway apprentices is in a number of cases undertaken in conjunction with government technical colleges or schools There are other training schemes on the railways: for example the Great Indian Peninsula Railway at Bombay trains apprentices who receive technical instruction at the Victoria Jubilee Institute. Valuable training in printing is given in presses owned by the Government of India and provincial Governments. Apprentices have been trained in ordnance factories for some time and a comprehensive scheme of training covering all the military ordnance and clothing factories has recently been approved. Under this scheme training is provided for student apprentices, trade apprentices, special apprentices and boy artisans. The student apprentices who form the highest class receive a theoretical and practical training designed to fit them for trades requiring a general engineering education. Trade apprentices are given a thorough knowledge of one trade but are also given opportunities of acquiring knowledge of allied trades, while special apprentices are trained in highly specialized trades such as tanning and the manufacture of harness and saddlery. The ordinary period of training for an apprentice is five years and the maximum number is fixed at 230. Provision is also made for a four years' course, both theoretical and practical, for boy artisans, preference being given in selecting these to sons of workmen employed in the factories. The annual cost of the scheme is estimated at over 2½ lakhs of rupees, and

hostels are to be constructed for apprentices at two ordnance factories at an initial cost of over 2½ lakhs.

(c) *Industrial Schools.*

With very few exceptions, the technical colleges and schools in India are controlled by Governments or by bodies on which Governments are represented. But industrial education is given by three types of agency. Some schools are maintained and controlled by Government, others by local authorities, *e.g.*, district boards, and others by private authorities, *e.g.*, missionary bodies and individuals. Most of the schools that are not maintained by Government are in receipt of government aid and are supervised in some degree by government inspectors. Discussing the three classes, the last quinquennial report on public instruction in the United Provinces observes—

> "In equipment and efficiency of working those which are maintained by Government stand first; following them are institutions maintained by non-official denominational organizations such as missionary bodies and orphanages with industrial classes; the schools maintained by local boards come last, mainly because they receive less personal attention and supervision from members of the board than the denominational institutions do from their managers".

Aided schools, if less efficient, cost Government less to maintain, and the question of the most profitable channel for expenditure—Government schools or aided schools—is one on which the practice of Local Governments indicates considerable divergence of views.

The Ministry of Industries in the Punjab in a resolution of 1923 stated "It has long been recognized that the maintenance by Local Bodies of industrial schools which are partly financed by Government grants-in-aid is an uneconomic and inefficient means of advancing Industrial Education". And as soon as funds permitted, the Punjab Government embarked on a systematic policy of provincializing the schools controlled by District Boards and Municipalities. Nearly all the schools have been taken over by Government on a system by which the charges falling on the local body are reduced by 20 *per cent.* each year until they disappear. The Delhi School has also been transferred from the Municipality to the Administration. In 1920 there were in the Punjab and Delhi nine industrial schools, all owned by local bodies, with 1,200 scholars. In 1927 only one of these remained under a local body, and there were 18 Government industrial schools with about 2,600 scholars. These schools concentrate, for the most part, on carpentry and metal work. Another addition to the list of Government industrial schools in the Punjab is a small school for the blind at Lahore. There is also a Government zenana school for women and girls, which was formerly very small and has now over 100 pupils. A school for Hindu and Sikh women and girls started in 1924 in a building provided by the late Sir Ganga Ram and has proved popular.

The Central Weaving Institute at Amritsar has been developed out of a small weaving school. In 1920-21 when classes for educated students were begun, there were 23 students; in 1926-27 there were 66 and the Institute has taken an active part in the activities associated with the improvement of the handloom industry The four other weaving schools were absorbed by the industrial schools in 1925.

Selected pupils from the industrial schools go on to the Mayo School of Art, Lahore, in which the elementary section was recently eliminated. The school now concentrates on advanced work in art industries in which it has long-established reputation. Two new institutions giving a specialized training are the Government Institute of Dyeing and Calico Printing at Shahdara and the Government Hosiery Institute at Ludhiana. The former which replaced a small dyeing school contains a model dyeing factory and had 66 students in 1926-27; the latter which began work in 1926 has classes both for matriculates and for artisans.

In the United Provinces the policy has been to encourage aided schools and at the same time to increase greatly the number of Government schools The number of private aided schools, maintained for the most part by Hindu, Muslim and Christian religious organizations, has risen from 33 to 74 between 1921 and 1927: but only about half-a-dozen of these can claim more than 30 pupils. The starting of schools by local bodies is a new development in the province; there were no such schools in 1921, and there were 13 in 1927. Simultaneously substantial progress has been made in the multiplication and growth of Government industrial schools. The schools concentrate on one industry, the industry selected being as a rule one which is vigorous in the locality. The centre of instruction for the handloom weaving industry is the Weaving Institute at Benares which has advanced classes for [illegible]

were closed on the recommendation of a committee which examined their working in 1921. A weaving and cotton printing school has recently been opened at Bulandshahr and the Dyeing and Printing School at Cawnpore, which trains both foreman dyers and artisans, has trebled its numbers in the last seven years.

To the two leather working schools at Cawnpore and Meerut one was added in 1925: all these schools give a two years' course. The Wood-working Institute at Bareilly and the Carpentry School at Allahabad have grown steadily: both have courses for two and three years in various branches of wood-working and in upholstery and advanced courses for teachers and others who have passed through ordinary courses. Two new carpentry schools have been opened at Naini Tal and Fyzabad. Other Government schools recently opened include a metal-working school at Aligarh, a brassware school at Benares and an ebony-working school at Nagina. A needlework school for girls

at Lucknow was closed in 1922-23. The School of Arts and Crafts at Lucknow has a few pupils studying fine art and gives training to a large number in industrial arts. Of the 20 Government industrial schools in existence in 1927 all but seven were opened after 1921. The total number of pupils in Government industrial schools (excluding the model weaving schools in which the numbers have always been small) was about 1,100 in 1927 which is about double the numbers of seven years before.

In Bengal there were, apart from the weaving schools, at the beginning of the period three industrial schools owned by Government; a fourth was taken over from a local board in 1922. These schools give a training in several branches of industry, carpentry and blacksmithy work being included in every case. The provincial Retrenchment Committee observed in this connection "Government schools are not only unnecessary but absorb so large a share of the available public funds that other schools are likely to receive insufficient support". They accordingly recommended that the schools should be handed over to district boards. The recommendation was not accepted, but the Local Government adopted a policy of starting new schools only on a grant-in-aid basis. The Director of Industries discussing this policy in his report for 1926 observed "The position is unsatisfactory from every point of view and there seems to be no hope of substantial progress in technical education unless either Government itself shoulders the burden or local bodies tap new sources of revenue". No school was opened by a local board during the period, but there has been an increase in the number of schools under private management, and a large addition to the number of their scholars. In 1926 the Director of Industries reported that the Government schools were not training students how to make a single saleable article except the roughest products of the village carpenter and that the goal of turning out first class craftsmen had been entirely missed. Since that date the reorganization of the schools has been taken in hand. The number of their pupils in 1927 stood at about the same figure as in 1921.

On the other hand the Government of Bengal have adopted a policy of increasing the number of weaving schools. The object is to provide in every district at least one centre of instruction in weaving and in larger districts two. Thus the number of district weaving schools was raised from six to eight in 1926 and the number of peripatetic training centres, which stood at eight in 1921, had reached 26 by the end of 1926. All these institutions are attached to the Central Weaving Institute at Serampore which trains teachers in weaving and also equips students to set up and manage small weaving and dyeing factories. The higher course was extended to three years in 1920. There is also an artisans class lasting a year. Female classes, which were started by the Young Women's Christian Association with Government aid in 1921 were taken over by Government in 1922 and are affiliated to the Institute. Other activities of the Institute are mentioned elsewhere. An entirely

new institution is the Silk Weaving and Dyeing Institute at Berhampore which opened in 1927 with 60 pupils.

In Bihar and Orissa the Ranchi Industrial School, an industrial school at Phulbani, a weaving school at Bihar and apprentices classes in the Dehri Canal Workshops are old institutions, as has been already stated the largest of these, the Ranchi School, was raised to the status of a technical school in 1926. Three new institutes have been started during the period. The Bhagalpur Silk Institute began work in 1921-22 and was moved to a new building of its own in 1923. The Cottage Industries Institute at Gulzarbagh was opened in 1925; its activities have covered a large number of industries, including cotton weaving, dyeing, lametta weaving, durry and carpet making, knitting, toy-making. The Wool Weaving Institute at Gaya started as a demonstration factory and is now maintained for educational purposes. These institutes follow the usual institute plan and their activities are not confined to tuition: they are responsible for the stimulation in various ways of the industries to which they relate, and some of their other activities will be noticed later The Bhagalpur Silk Institute, the most successful of the three so far, had 69 pupils in 1927, the Cottage Industries Institute had 33 and the Wool Weaving Institute 19 Classes have also been started for instruction in the use of dobbies with handlooms at Ranchi and Madhubani. A class to teach book-binding and composing work has been opened in the Gulzarbagh Government Press. Local boards own no technical or industrial schools in this province, but some have under consideration proposals for opening industrial schools. Aided industrial schools are small and not very numerous, but they include all the female pupils in receipt of training in crafts.

In Madras industrial education has hitherto been left almost entirely to private authorities assisted by grants-in-aid. Apart from the institutions mentioned in the previous chapter, the only Government school offering industrial education to the public is the Textile Institute. Opened in 1922 and placed on a permanent footing in 1925, the Institute provides the usual two courses—a supervisors' course lasting two years and an artisans' course of one year. In addition to instruction in handloom weaving, it teaches dyeing and block-printing and maintains a hosiery section and a museum.

The aided schools, numbering 57, with the exception of one owned by a local body are carried on under private management: Christian missions have been particularly active in this direction and special attention has been given to craft instruction for girls The regulation of these schools appears to have been more systematic than in other provinces, a whole-time Inspector of Industrial Schools supervises them on behalf of Government, and a reasonably efficient standard is maintained. But they are unevenly distributed throughout the Presidency and the Madras Committee on Industrial and Technical Education of 1922-23 recommended that Government should, as funds permit, open model industrial schools in certain areas. Proposals for the establishment of three such schools were prepared in 1927.

In Burma the Saunders Weaving Institute at Amarapura, which formerly taught only artisans, introduced advanced classes in 1923 and has about doubled its numbers since 1920. It is also responsible for extra-scholastic work in assisting the handloom industry. Training in dyeing and carpentry is also given. Two new industrial schools have been opened, a lacquer and carpentry school at Pagan where the lacquer industry is well-established and a pottery school at Insein, where lads who have already served a term with master potters are given a more advanced training. There is only one aided private technical and industrial school in the province; district funds have been used from time to time to start weaving schools, but these have hitherto had short lives.

In Assam, the older instituions comprise the industrial schools at Shillong and Kohima and the Shillong Weaving School. These three institutions jointly had only 49 pupils in 1927, and an industrial school at Tura which was opened in 1919 was closed in 1926. The School of Handicrafts at Sylhet which starred in 1923 has been more successful. It has two courses of three years' each in wood-working and metal-working and had 72 pupils in 1927. The Government Weaving Institute at Gauhati, which has given instruction to artisans since 1920, opened higher classes in 1923; these attracted more applicants than could be admitted and the passed pupils have done well.

In the Central Provinces there were two Government industrial schools at the beginning of the period—the School of Handicrafts at Nagpur and the Robertson School at Jubbulpore. To these have been added a School of Handicrafts at Akola started in 1922 and a small leather tanning school at Nagpur, started in 1925.

Apart from the weaving schools, the only industrial school belonging to the Government of Bombay is in the School of Art at Bombay where the Reay Art Workshops give instruction in cabinet making and stone carving, metal work, house decoration and carpet weaving. Three industrial schools for criminal tribes were opened by Government during the period. The number of other industrial schools has remained fairly constant.

(d) Stipends.

In addition to providing facilities for industrial and technical education, it has been necessary in some areas to provide stipends for the pupils on a liberal scale. For example in Bengal in 1926 over 60 per cent. of the pupils attending Government technical and industrial schools were in receipt of stipends. In the majority of provinces stipends are given to a substantial proportion of the students. Efforts were made in some cases to reduce the stipends. In Bengal on the recommendation of the provincial retrenchment committee, who were impressed by the fact that in the preceding year there were 2,000 applications for admission to the Serampore Weaving Institute, the Local Government abolished stipends and free studentships at that institution. The effect was instantaneous; the upper class secured only six students in the

following year and the orders had to be revised. In Berar scholarships in one Government school and one aided school were halved "in order to educate the parents in their duty of giving their sons superior technical instruction" The parents declined to be educated in this fashion, recruitment was adversely affected and the policy had to be reserved. 15 vacancies reserved for students without scholarships in one school were unfilled An interesting experiment is being made in connection with the Sylhet School of Handicrafts where stipends were sanctioned for six years from the start and are to be abolished in 1929.

The need for such stipends arises mainly from the fact that it is difficult for the artisan classes to lose the supplementary earnings of their boys The position in many areas is set out in the following extract from a recent resolution of the Government of the United Provinces (where stipends are fairly numerous):—

> "Nearly all Government schools are free. But even so, artisans are not generally willing to send their children to school without the help of stipends The Government have hitherto acquiesced in the position, and by offering small sums for subsistence are helping the poorer parents to release their sons from the post of subsidiary wage earner in order that technical training may double their earning power. But as the value of the technical schools comes to be more generally recognized, the proportion of stipendiary students ought to decrease."

A further factor which adds to the need for stipends in some cases is the enhancement in the economic value of the pupil which results from even an incomplete course Some schools have suffered severely from pupils leaving before their training was complete because they were sufficiently trained to earn what appeared to them to be an adequate salary. It should also be remembered that the work turned out in a good industrial school has some economic value.

Stipends are also required in some cases to attract pupils from the educated classes Here the difficulty is not primarily economic for parents who will pay to secure for their boys a literary education which gives poor prospects of a career, frequently expect stipends to be given at technical schools whose pupils have excellent prospects. In the United Provinces and Bihar and Orissa in particular, it is said to be difficult to attract the best type of student, and complaints are frequent that technical education is regarded by parents as suitable only for those who are not good enough for anything else. But if the social prejudices against manual labour have nowhere entirely disappeared, the advance of public opinion has combined with economic pressure on the middle classes to produce a steady improvement in recent years. In the biggest cities there is generally keen competition to enter institutions which are efficiently equipped to meet the demands of industry and students from some provinces, particularly Bengal, are prepared if necessary to go far afield and to incur considerable expense in obtaining a training at institutions which find it difficult to attract local students.

CHAPTER VII.

THE DEVELOPMENT OF COTTAGE INDUSTRIES.

It is a platform commonplace that the cottage industries of India are dead or dying and that their resuscitation is a primary duty of Departments of Industries. These departments have played an extremely important part in assisting the cottage industrialist; but those who are acquainted with the facts do not speak of their work as resuscitation or revival, for the simple reason that the belief that cottage industries generally are moribund is not founded on fact. With the possible exception of China, no country can show such activity in respect of cottage industries as India, and there is no sufficient evidence to justify the conclusion that there has been any general decline.

Some industries, it must be admitted, are unable to face competition from the factories. This is notoriously the case with cotton spinning by hand The political movements of 1921-23 were accompanied by the preaching of a revival of the spinning-wheel as a solvent of India's troubles; and under this stimulus some spasmodic activity was shown. Industries Departments in one or two cases endeavoured to popularize an improved *charkha*: but the hand-spinning movement was doomed to failure because, in their efforts to secure better utilization of the spare time of the poor, the leaders selected an industry in which the cottage worker fought the mills on such entirely uneven terms as to make his remuneration phenomenally small

With handloom weaving, by far the most important of India's cottage industries, the position is entirely different. Whatever may be its history in the future, the prevailing impression that its best days are long past is entirely erroneous. It can be established beyond dispute that in the period under review more cloth was produced by handloom weaving in India than in any corresponding period for which we have statistical information; and while acknowledgment must be made of the stimulus given to the industry by the political movement in favour of hand-woven cloth, it appears to be the case that, at present at any rate, the handloom weaver can more than hold his own against the mills in simple economic competition. The following paragraphs contain a very brief account of activities which have played an important part in making this possible.

The Industrial Commission laid emphasis on the distinction between trades such as that of the carpenter and the blacksmith which are carried on principally as crafts and cottage industries such as handloom weaving which compete with organized industries. In the former case success depends on manual dexterity and a knowledge of the craft; this must ordinarily be acquired in youth, and can be taught in an industrial school. But in the latter case the problem is different. The main difficulty does not lie in the acquisition of skill; such skill as is necessary can easily be acquired. Success depends on commercial factors rather than on dexterity; it depends on the use of the best appliances,

on attention to design on marketing. The adult must be assisted as well as the child, and education takes a different meaning and different forms.

Fixed weaving schools have their value and as the preceding chapter has shown, the number of these has steadily increased. But experience has shown that demonstration in the weavers' villages is more effective than the education of the weavers' children at a fixed centre and it is on demonstrational methods that attention has been mainly concentrated. The methods of training weavers at home have differed from province to province In some areas schools have been set up which differed from the fixed schools mainly in the fact that they moved at intervals to fresh areas: very commonly demonstration has been effected by means of small parties especially formed for the purpose. For example in Bombay demonstrations have been effected by a two-loom method the demonstrator working for six months in a centre with one loom while any local weaver can secure instruction on the other. In several provinces schools—fixed or peripatetic—are combined with demonstration parties

In Madras where two demonstration parties were at work in 1914 five parties were organized in 1920-21, eight were at work by 1921-22 and ten in 1922-23. The number has since been reduced to five as success has been achieved to such an extent as to require a smaller number. Weaving is taught to weavers' children in a number of aided industrial schools. In Bombay in addition to nine weaving schools moved from time to time as circumstances required, nine demonstration parties were at work in 1926. The number of weaving schools was reduced to four in 1927. In Bengal in addition to the eight fixed weaving schools there were in 1926 26 peripatetic schools, of which 18 were established for the first time in that year In Bihar and Orissa in addition to maintaining a weaving school and establishing the Cottage Industries Institute for training in weaving, the Industries Department has kept a number of demonstration parties constantly at work; there were four peripatetic parties in 1921 and ten in 1927. In Assam two demonstration parties were organized in 1921 and a third in 1925. In the Central Provinces a special staff has worked continuously in the villages popularizing new appliances. In Burma demonstration parties were organized by the Saunders Weaving Institute in 1924 and in 1926 six demonstrators were at work in different districts. In the United Provinces where, as in the Punjab, reliance has been placed mainly on schools and the central Institute, a Committee which investigated the subject in 1922 found the schools in an unsatisfactory state. The peripatetic schools were thereafter abolished and the model weaving schools organized since then are responsible for demonstration while aided weaving schools are being encouraged. In the Central Provinces, on the other hand, the work has been continuously entrusted with very satisfactory results to a special staff working in the villages and Government have opened no regular weaving schools. In nearly all provinces extensive use has been made of exhibitions to display the advantages of improved methods.

The all-India Hand-weaving Exhibition organized at Patna at the end of 1921 with the co-operation of most of the Departments of Industries was particularly successful. But experience tends to show that to secure lasting success in any centre demonstrations must be carried on there for a reasonably long period

The first object aimed at by the organizations engaged in demonstration and education has been the popularization of the fly-shuttle in place of the handthrown shuttle. This reform, which is sometimes effected on existing handlooms and sometimes by the substitution of fresh looms, is estimated by the experts to enable the weaver to add, without extra effort and at an almost negligible cost, between 40 per cent. and 100 per cent. to his rate of production, according to circumstances. Experiments were made in Madras as early as 1902-5 in the use of the fly-shuttle and the first demonstration party was organized there in 1905, while in several provinces efforts were made to popularize the fly-shuttle during or just after the war. But the general spread of the fly-shuttle is a movement of the last few years and it has been responsible more than any other change for the improved production of handloom weavers. The productive capacity has in some areas increased so greatly as to produce marketing difficulties particularly in the less favourable marketing conditions which have marked the last year or two. In some places weavers, attributing correctly the increased production to the fly-shuttle, have actually sought a remedy in the return to the old shuttle The change has not been everywhere effected without opposition: in Chota Nagpur an attempt was made to pass a resolution boycotting those weavers who took to fly-shuttle looms on the ground that they could sell their cloth more cheaply and other weavers were unable to compete with them. In Madras, opposition was offered by village money-lenders who, fearing the attainment of independence by the weavers, fixed so much lower rates for cloth woven with a fly-shuttle that the weaver was in some cases compelled to revert to the old shuttle. A constant obstacle which is only overcome by patience has been the conservatism of the weaver. Even where the child using the fly-shuttle is able to earn more than his father, the parent working at his side has not always been willing to change. But if the work is still far from complete, the fly-shuttle has now got a footing nearly everywhere and in many areas in which intensive work has been done the old shuttle is practically extinct. Automatic looms are now being introduced in some places, but their comparatively high cost raises a difficulty which does not attend the introduction of the fly-shuttle.

The increase of the rate of production of the weaver has raised a fresh problem in that those carrying on the subsidiary processes—winding, warping, sizing, etc., by village methods can no longer keep pace with him. The introduction of machines for the preparatory process is uneconomical so far as the individual weaver is concerned. More than once Department of Industries has devoted attention to the designing and introduction of warping and sizing machines worked by hand and

suitable for small groups of weavers but it is not usually easy to secure the degree of co-operation necessary to secure the best results.

Vigorous efforts have also been made to enable the weaver to improve the quality of his output. Generally speaking, it is in the very coarse work and the very fine work that the handloom weaver can compete effectively and the indications suggest that fine work has the greater possibilities for him in the future Efforts have been made in most provinces to introduce dobbies, which enable the weaver to produce cloth with patterned borders and these have met with considerable success In the Central Provinces where their sale on a substantial scale dates from about 1920 10,000 dobbies had been supplied by the Industries Department in conjunction with local experts up to the end of 1926 A simple form of double box sley for weaving check patterns with two shuttles has proved popular in several provinces. And fairly general attention has been given to the introduction of jacquard looms which enable the weaver to produce cloth with comparatively elaborate designs

In addition to convincing the weaver of the value of improved appliances it is generally necessary if the best results are to be obtained to assist in their supply. Departments have therefore usually undertaken the supply of appliances directly or indirectly. In many cases local carpenters have been taught to copy demonstrators' models In other cases carpenters have been employed and taught at departmental institutes. The carpenters employed in the Gauhati Weaving Institute, Assam, have recently been unable to cope with the public demand for looms and sleys.

Hand-weaving while it is the main occupation of large numbers, has obvious possibilities of expansion as a spare time industry. Even the professional weaver is frequently a part-time agriculturalist, and to the professional agriculturalist weaving offers the opportunity of an appreciable subsidiary income. Attention has hitherto been paid mainly to those already accustomed to weaving but some progress has been made in popularizing weaving with classes who did not practice it before Many students attend the institutes who have no weaving tradition. *An interesting experiment in the introduction of weaving* in villages where it was unknown before has been made in Bombay, where a school to train agriculturalists in weaving was started in a village in 1922 and has been moved in turn to four other villages since then. In one village, where the school stayed for a year, a small weaving factory with four looms was set up by a landowner and 20 looms were purchased by other agriculturalists. Nine applications for the opening of similar schools came from surrounding villages. In another, nine cultivators aged between 16 and 30 who formed the first class all purchased looms after completing their four or five months' training. The Bombay Government in 1927 placed an officer on special duty to examine, among other questions relating to handloom weaving, the lines on which weaving could be encouraged as a subsidiary industry for those engaged in agriculture.

A characteristic organization in connection with the systematic development of handloom weaving is the central institute. Although the general system in the various provinces is very far from uniform, the institutes have shown an increasing approximation to each other in method. There are now central institutes dealing with cotton weaving in seven out of the nine major provinces: prior to 1920 three of these were not in existence, and two confined their training to artisans. On the educational side all conduct two separate courses—one designed to train artisans to be competent weavers, and the other designed to train students to act as weaving instructors and demonstrators and to enable them to initiate or supervise small handloom factories. But the training of pupils is normally only one of several functions of an institute. The staff of the institute are generally responsible both for the supervision of the weaving schools and the organization of demonstration parties throughout the province. And they have to devote attention to the preparation of designs, to the improvement of appliances and their supply to the weavers, to research, to the supply of advice and assistance to inquirers, and to the fostering of allied cottage industries.

The related cottage industries of dyeing and printing of cloth lend themselves to similar lines of development. The weaving institutes generally include dyeing and in some cases block printing in their curricula and organize demonstrations in the subject. In the Punjab dyeing and calico printing are entrusted to the special Institute established at Shahdara which includes a model factory and is also responsible for peripatetic demonstrations in dyeing and printing. In Bombay a request from local weavers in 1920 led to the starting of a demonstration party for dyeing and calico printing. It has proved of distinct value, although in one centre the dyers who adopted the improved methods had to face a boycott of their more conservative colleagues, who were backed by merchants interested in importing dyed yarn. In 1925, on the request of a weavers' co-operative union, the party was centred in Sholapur. It effected great improvements in dyeing methods, corrected the strangely numerous mistakes of the local dyers, introduced fresh recipes and led to the opening of a number of new dye-houses. After accomplishing its work, the party was transferred to Sind. Hosiery is in several cases another industry for which the weaving institutes are responsible. In the Punjab the separate Hosiery Institute, which has recently opened at Ludhiana, has undertaken this work.

In some provinces, the silk industry is of importance and efforts have been made to assist the cottage industrialist in all the branches of the industry—silk rearing, silk reeling and the manufacture of silk goods. In Assam, the supply of improved seeds for silk rearing has been undertaken in connection with the extensive investigations into sericulture, and in Madras, where efforts have been made to extend the production of silk to new areas, seeds have been distributed and peripatetic rearing parties have been employed to assist rearers. Efforts are also being made there by demonstration and the training of operatives to introduce modern methods of preparing improved silk yarn.

The improvement of methods and designs in respect of silk goods has formed an important part of the work of the Weaving Institute at Amarapura in Burma, which has enabled many silk weavers to increase their earnings substantially.

In Bihar a Silk Institute was opened at Bhagalpur a centre of the industry, in 1921. Its main work is the improvement of designs and of methods of manufacturing silk goods, including dyeing and finishing but it has also devoted attention to the rearing and reeling of silk. Manufacturing improvements have been popularized including the introduction of the fly-shuttle It is curious to note that, as happened in a few cases with cotton-weavers elsewhere, a large number of weavers faced with a depression of trade in 1926 gave up the new looms under the impression that their market would improve with diminished production; they have since started to resume their work on fly-shuttle looms. Designs after being produced in the Institute are taken up by weavers in the bazar and the local industry has benefited considerably by the improvement of designs. The Institute, though not a strictly commercial concern, is much more than a purely educational institution In 1926-27, 155 artisans were employed in the Institute and silk goods to the value of over Rs. 40,000 were produced, sales being effected both in India and abroad, where the goods are establishing a reputation The total net cost of running the Institute for the year was Rs. 4,000 Recently a Silk Weaving and Dyeing Institute has been started at Berhampore by the Government of Bengal.

The improvement of the wool-weaving industry in Bihar and Orissa is entrusted to a separate institute at Gaya. In Bengal a demonstration party teaching wool-spinning, blanket weaving and coir-making started work in Sandwip Island in 1924 and has done valuable work, Demonstrations and exhibitions of the spinning of coir, jute and hemp, of rope making, and the weaving of jute are also given regularly in Bengal. Demonstrations have also been given from time to time in basket-making These demonstrations have been of considerable value to those already engaged in the industry; but it seems to be doubtful if they have had much effect in inducing the ordinary agriculturalists to take up the industries as spare-time occupations. In Burma the industrial school at Pagan has been responsible for improving the designs used by local lacquer craftsmen.

The Cottage Industries Institute at Gulzarbagh in Bihar, to which reference has already been made, represents an endeavour to deal in one institution with a number of cottage industries. Since its foundation in 1925, the Institute has taken up, in addition to weaving, knitting and dyeing, a number of minor industries such as lametta work, durry and carpet making, the weaving of tape and *newar* and the manufacture of toys. The Institute, in addition to training boys, employs artisans on a commercial basis, with a view to encouraging the general adoption of the improved methods of working which have been devised. Experience, however, has shown that demonstration and training in the Institute has little effect on local artisans, and the best results are

obtained where demonstrations are also given to artisans outside the Institute.

In Bombay an endeavour was made to assist a village industry by means of a demonstration factory. Casein is made by Kaira villagers on a fairly extensive scale, but their product commanded an indifferent price because much of it was inferior and no attempt was made to maintain a standard. A small casein factory was therefore started at Anand in the Kaira district. The experimental and analytical work was conducted at the Gujarat College and the factory was successful in producing good casein on much the same scale as that on which the villagers worked and with appliances that they could use. The factory was visited by a number of villagers and dealers, and apparently had some effect on local conditions. It obtained a good price for its lactic casein and was offered large orders, but its scope was limited to demonstration purposes. Experiments were made later in the manufacture of rennet casein, but the expert reports on the product were not very favourable. The activities of the factory were cut short by the need for retrenchment in 1923.

The development of cottage industries depends on the expansion of markets and in this direction the cottage industrialist is able to do little unaided. As a rule he is isolated from all markets that are not in his own vicinity, he does not know where the customer is, what he wants and how much he is willing to pay, and depends for the sale of his product on a local money-lender, to whom he may be permanently indebted and from whom he seldom receives a fair price.

An effort was made in Madras to assist the lace and embroidery industry by the exploration of markets. This is an industry dependent for development mainly on markets abroad. A lady was deputed to survey the industry in the Presidency and later examined the possible markets overseas and submitted to report. Government also collected information as to the patterns in demand abroad, distributed these patterns to the local agencies engaged in the industry and stimulated the demand by enlisting the support of an English firm.

In the majority of provinces depots have been opened for the sale of goods made by cottage workers. In the Punjab a depot was established in 1921 in connection with the School of Arts and Crafts. It has sold both the products of the school and of workers outside and has worked at a profit. Between 1921 and 1927 it has paid over Rs. 3,00,000 to those supplying goods, it has secured increases in prices to producers and decreases to consumers by eliminating middlemen's profits and it has at the same time been responsible for an improvement in the quality of the goods. It has also assisted industrialists in getting into direct touch with purchasers both at home and abroad. One difficulty experienced in this connection elsewhere is that the cottage worker does not realize the importance of keeping up a high standard. The British Empire Exhibition at Wembley gave a great stimulus to cottage workers in several provinces but some of the advantage gained was lost sub

sequently through the supply of inferior goods. The United Provinces Government have now appointed agents in London for the sale of goods of this kind but goods are sent through the emporium, which can examine them before despatch and so maintain a satisfactory standard. The emporium in Lucknow was maintained at the School of Arts and Crafts, and at one time sold goods on a larger scale than that of the Lahore depot, but mainly owing to faulty management it worked at a loss. It was reorganized and moved to fresh premises in 1926, but its accounts for recent years show a substantial adverse balance.

An emporium was opened by the Industries Department in the Central Museum at Nagpur in 1921, and it has assisted in bringing buyers and sellers together and has effected sales on a small scale. The direct sales have declined in recent years. In Burma the Department of Industries maintained a sales depot for a short time, and later kept only samples, supplying articles on orders being booked. In Bihar and Orissa a sales depot was organized in conjunction with the Cottage Industries Institute, which sells goods on a commission of one anna in the rupee and has employed a travelling agent to secure orders. In Assam an emporium was opened in 1920 at Gauhati. It is now in two sections, an emporium which sells the products of cottage workers and a store which sells raw materials to the cottage worker. Where necessary, raw materials are supplied on credit and the cost deducted from the price paid for the finished article. Goods are also sold on commission sale, but experience here and elsewhere tends to show that the money-lender can only be eliminated by offering the facilities he offers. He may charge a high price, but he supplies material on credit and he pays cash for goods, taking on himself the risks of selling.

The ultimate solution of the marketing difficulty would appear to lie in co-operation. Some attention has been devoted to industrial co-operative societies for purchasing raw materials and marketing the products. But while there have been a number of successes, the work has generally been extremely difficult and it can hardly be claimed that co-operative methods have made a big impression in any province in this direction as yet. Co-operation demands the possession of qualities with which the cottage industrialist, and especially the handloom weaver, appears to be poorly endowed.

CHAPTER VIII.

Research and Investigations.

Great stress was laid by the Industrial Commission on the importance to industrial development of scientific research. Their proposals for the formation of all-India services dealing with chemistry, botany, bacteriology, zoology and entomology were designed mainly to make it possible to secure the systematic pursuit of researches likely to lead to industrial advance. They had before them evidence of the value of

the work done by the Geological Survey, a service whose scientific investigations have been of great value in the stimulation of India's mineral development; and this model clearly inspired the form of the scheme they proposed. The Chemical Services Committee, in their concrete proposals for a Central Research Institute at Dehra Dun, connected with a chain of provincial institutes and manned by the service whose organization they planned, merely filled in the details of one branch of the scheme prepared by the Commission.

The fate of these proposals has already been given. The services were not created, the Central Institute got no further than the purchase of a site, and the chain of provincial institutes has failed to materialize. But if the comprehensive and co-ordinated scheme of the Commission has not been carried into operation, progress has been made in some directions.

In respect of forest products a big advance has been effected. The Forest Research Institute at Dehra Dun can be regarded as carrying out, in the sphere delimited for it, work of the type that the Industrial Commission desired to see. In addition to branches dealing with silviculture, chemistry, botany and entomology, it contains an economic branch specially devoted to research in industries dependent on forest produce. The work here is, in the main, a recent development for although in some directions, *e.g.*, paper pulp, it is based on laboratory experiments going back over a number of years, adequate facilities for research in forest utilization were not available until the construction of the new Institute in 1921. Thereafter the erection of machinery began and the various sections have been organized. The capital invested in the Economic Branch alone is about Rs. 16,00,000 and the annual expenses are in the neighbourhood of Rs. 4,00,000.

The sections whose work bears most directly on industries are those dealing with timber testing, seasoning, wood preservation and paper pulp. Lack of space makes it impossible to give any detailed account of the actual research work; but a few of the results obtained may serve t [illegible] The work done in testing, seasoning an[illegible] towards securing Indian timbers which [illegible] dustry. Thus a large amount of work has been done on railway sleepers; various woods have been subjected to tests, to kiln-seasoning, to antiseptic treatment and results of great value to Indian railways have been secured. To give only one example the experiments made by the Economic Branch have led to the establishment in 1923 by the North Western Railway of a creosoting plant, capable of treating 400,000 broad gauge sleepers annually. The timbers treated had not been used for sleepers before, and had formerly been marketed with difficulty. Rifle-stock wood, which was formerly imported from America, is now as a result of researches at Dehra Dun entirely supplied from the North-West Frontier Province and Kashmir and important results have been achieved in the substitution of kiln-seasoning for air-seasoning at a great saving of cost. Experiments have

been carried out in the examination of the utility of numerous Indian woods for various manufactured articles, and many Indian woods have been given a greatly enhanced industrial value.

The experiments are conducted on an extensive scale where necessary; for example the artificial seasoning work is done on a commercial scale so that the repetition of work successfully done at Dehra Dun can be confidently undertaken by private firms. In the paper pulp section the factory plant erected in 1924 is capable of producing 8 tons of paper weekly. The earlier work in this direction eliminated a large number of unsuitable materials and has enabled efforts to be concentrated on a limited number of grasses, including bamboo. Among the important recent results is the evolution of a system which greatly reduces the cost of bleaching bamboo and *sabai* fibre and secures a gain in the yield of pulp. Much of the activity of the paper pulp section is devoted to the examination of forest areas regarded as suitable for exploitation by this industry. Several areas have been thoroughly examined and reported upon, with the result that concessions have been taken up. And the investigations into bamboo pulp were largely responsible for the erection near Calcutta of a mill using this material One of the newer developments is the installation of a veneer shop in 1924. Plywood made in this sub-section now adorns the legislative chambers at New Delhi On the other hand the section dealing with tans was closed in 1923.

The only provincial government institute organized for research in more than one direction is the Harcourt Butler Technological Institute, at Cawnpore which started work in 1920 as a research institute and was shortly afterwards altered in scope so as to include educational aims. The three branches of work taken up in it were general chemical research oils and leather. A number of researches have been carried out in all branches For example, investigations have been made in connection with the constituents of Indian turpentine, the possibility of obtaining soda from alkaline soils, the manufacture of strychnine and brucine, the utilization of local essential oils and the manufacture of Portland cement. Experiments have also been conducted in producing new varieties of leather and investigations have been made into the tannin content of Indian timbers.

Research into subjects connected with tanning has been carried on in other provincial institutions specially devoted to this branch of industry. The chief centre for research in this direction has been the Bengal Tanning Institute, formerly known as the Calcutta Research Tannery which was opened in 1919. A scheme for a large Imperial Tanning Institute at Calcutta, which would have absorbed the provincial institution, was approved by the Government of India in 1921; but the need for retrenchment prevented it from materializing, and the Institute has been maintained by the Government of Bengal. The buildings include a laboratory and an experimental tannery and the investigations have taken the form both of laboratory analyses and experiments and of practical tanning experiments. For example, in the laboratory

attention has been given to the testing of old and new tan-stuffs and to the analysis of the waters used in different tanneries, and results of practical importance have been obtained from extensive researches into the effect of neutral salts on the basicity of chrome liquor. A large number of practical tanning experiments have resulted in the improvement of existing processes and the introduction of new methods. Thus a method has been successfully worked out for the production of superior sole leather from buffalo hides; and the introduction of suitable processes for tanning lizard skins and for manufacturing glace-kid from local goatskins has led to the adoption of new branches of the leather industry in Bengal.

In 1923 a Committee was appointed by the Government of Madras to consider what should be done to further the development of the leather industry of the Presidency. Among their recommendations they suggested that in view of the great importance and potentialities of the industry in Madras the Leather Trades Institute should include a properly equipped research laboratory and an adequate research staff. The local Government appointed a staff for research and new laboratories were erected in 1925. Work has been done in the laboratory on the fermentation of tan liquors, and on a number of tanning materials. In the tannery successful experiments were made in the use of wattle bark in substitution for the more costly *avaram*, and the possibility has been established of obtaining suitable sole leather by re-tanning *dhori* hides (a porous bag-tanned leather). In the Punjab research was started in the demonstration tannery at Shahdara into several subjects connected with tanning, but the tannery was closed in 1927.

Apart from the chemical researches conducted in the institutions mentioned, chemical research in certain branches of industry has been conducted in certain pioneering factories in Madras. Thus the Madras Industrial Institute has done a considerable amount of research in connection with inks; and in the Kerala Soap Institute investigations have been made into soap and glycerine. At the Madras Glue Factory experiments of some value were conducted in the manufacture of glue, a subject which was also the subject of some research in Bengal.

A large number of isolated chemical researches have been undertaken by officers employed by the provincial Industries Departments, but the majority of Departments have not been equipped on a scale permitting the adoption of any systematic programme. Only in two provinces have whole-time Industrial Chemists been maintained by Industries Departments. In Bengal an Industrial Chemist has been employed in the Department of Industries since 1921 and in Madras there was a similar appointment up to 1925, when it was abolished on the appointment of special chemists for leather research.

In Bengal a number of investigations have been made in connection with the match industry, including experiments in the bleaching of *gengwa* wood, match-head composition and the damp-proofing of matches. The other subjects of investigation have included glue, sugar,

lac and glass Systematic work was hampered for some time by the lack of an adequate laboratory. A properly equipped laboratory was constructed in 1925-26, and a programme of industrial research has now been prepared with the assistance of the Advisory Board of Industries Both in Madras and in Bengal experiments were made in the retting of cocoanut fibre, and independently the investigators were able to demonstrate that tidal water was not essential for retting, as had previously been believed. In Madras extensive investigations were made into the most suitable conditions for the disintegration of the fibre and methods were evolved of shortening the retting period considerably Other questions investigated included the utilization of limes as a source of citric acid, the extraction of tartaric acid from tamarinds, and the manufacture of sodium carbonate from certain alkaline deposits.

In some other provinces researches have been conducted by part-time officers acting as Chemical Advisers to Industries Departments. Thus in Bihar and Orissa the chemical researches conducted by the Chemical Adviser included a study of the *khari* industry. *Khari* is an efflorescence compounded of sodium sulphate and magnesium sul- [illegible] to ascertaining the [illegible] which would make [illegible] ial proposition. In Bombay some attention was given to study of the bitterns of Kharagoda and of Sind soda (*trona*) and to researches in connection with casein.

Minor engineering investigations designed to assist the smaller industrialist have been made in Bengal. Thus a number of experiments lasting over several years led to success in devising a machine for cutting conch-shells and so replacing the very laborious manual work formerly required. A machine was also evolved for polishing brass and bell metal articles, and useful machines were designed for hackling jute, hemp and aloe fibre, and for binding and marking umbrella sticks. Important improvements in textile machinery designed for the cottage industrialist or small factory have been effected in more than one textile institute. In some cases educational institutes have conducted experiments in new directions. For example at the Serampore Textile Institute experiments have included the weaving of coarse jute and coir fabrics, the spinning of jute, coir, *sunn* hemp, waste silk and wool, and the extraction of cocoanut fibres. Efforts were also made to utilize the fibres of water-hyacinth stalks to manufacture string and matting. In the Wood-working Institute at Bareilly work has been done on the *kiln-seasoning and air-drying of timbers.*

The classification of sericultural experiments as industrial investigations is open to question, but mention may be made here of the activities of Industries Departments in this direction. In Assam the Department has been responsible for extensive research in sericulture devoting attention to planting experiments, the improvement of species by selection and the study of diseases. In Madras the Department of

Industries became responsible for sericulture in 1922, and the work has included research into cross-breeding at Coonoor. In Bihar and Orissa the efforts made to stimulate the industry include the leasing of an experimental farm for the planting of mulberry.

In connection with some industries, legislation has been utilized to secure funds for research. The Indigo Cess Act* provided, by means of a cess on indigo produced in India, an income of rather over Rs. 40,000 annually, which was expended on more than one line of technical research, the most important being the investigations entrusted to an Indigo Research Chemist specially appointed for a term of years. A small experimental indigo factory was erected at Pusa, and achieved results of considerable value. It was established that the yield of dye from indigo depended on the presence in the water of the steeping vat of adequate numbers of bacteria of the proper type, and a powerful and cheap antiseptic was designed at Pusa to secure the removal of deleterious organisms from the water before it was inoculated with the species required. By 1922 the work in hand had been almost completed and the Indigo Cess Act, which had been amended by Act V of 1921, was repealed by Act XXVIII of 1923.

The Indian Cotton Cess Act,† passed in 1923, affords another example of an industry being enabled to tax itself for the purpose of research. The Act imposes a small cess on each bale of Indian cotton exported from India or consumed in Indian mills. The proceeds are paid to the Indian Central Cotton Committee, constituted under the Act, a body including representatives of all the interests concerned and a number of officials; the funds may be "applied to meeting the expenses of the Committee and the cost of such measures as it may, with the previous approval of the Governor General in Council, decide to undertake for promoting agricultural and technological research in the interests of the cotton industry in India." Much of the research undertaken is naturally of an agricultural character, but the Committee maintains at Matunga, Bombay, in addition to a Research Laboratory a Spinning Laboratory whose object is to provide accurate spinning tests of Indian cottons and to determine the relation between fibre characters and spinning value.

In the case of lac, the Indian Lac Cess Act‡ was passed in 1921 with the object of securing funds for research. India until recently enjoyed a practical monopoly in the production of lac and shellac, but there was, and is, a danger of the discovery of a satisfactory synthetic substitute: forty years ago lac was principally used for the production of dyes, and that industry was killed by the use of synthetic dyes. But the production of shellac steadily increased and modern developments have added to its industrial uses. Scientific research may be of the

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* Act III of 1918.

† Act XIV of 1923. Minor amendments were made by Act I of 1924 and Act XVIII of 1923.

‡ Act XIV of 1921.

utmost value to the future of the industry and the Act provided for a small export duty on lac; the funds so secured were to be placed at the disposal of the Indian Lac Association for Research. The Association was granted a site near Ranchi of about 110 acres on favourable terms by the Government of Bihar and Orissa in 1924 and has erected a Lac Research Institute there, with an experimental plantation. Various experiments and inquiries are now in progress in the Institute and in the plantations which have been established by the local Government. The export duty was to be levied for five years in the first instance · but in February 1926 the Legislative Assembly recommended its continuance up to the end of 1931. Experiments in the refining of shellac were conducted by the Industrial Chemist in Bengal and improvements were effected in the methods ordinarily adopted. Research work was done at the Government Technical Laboratory in the United Provinces on the bleaching of shellac.

Financial assistance has in some cases been given by Government to agencies engaged in research. The Indian Institute of Science at Bangalore, which does a large amount of chemical research of industrial importance, has received an annual grant of a lakh and a half of rupees from the Government of India, who participate in its control. An annual contribution, amounting recently to £1,200, has been given to the Imperial Institute in London for the furtherance of their work in connection with the investigation of the natural resources of the Empire. In 1921 the Government of India, in reviewing the recommendations of the Coalfields Committee, offered to assist private investigations into coal washing and the development of firing by powdered coal and low temperature coal distillation. One firm which was in a position to conduct enquiries into the froth flotation process for cleaning Indian coals was granted an allowance of Rs. 1,000 a month for twelve months by the Government of India. The published results of the researches showed that many Indian coals could be made to yield a large percentage of improved product, but at the present scale of prices improvement by froth flotation is not an economic proposition.

Of more immediate interest to the coal industry is the re-survey of the two main coalfields undertaken by the Geological Survey in the last few years. This was facilitated by the preparation of new topographical maps of the areas by the Survey of India. The geological survey of the Raniganj field has been completed and that of the Jharia field is approaching completion. A number of other coal-fields have also been revisited and the available information has been brought up to date. The re-survey has included the preparation of estimates of the total amount of coal available and particularly of the amount of [illegible] To test the possibility [illegible] be regarded as reserves [illegible] e with a certain amount of success upon mixtures of coking with non-coking coals.

A survey was also made of the supplies of sand in portions of the Damodar river available for underground stowing in coal mines. The

investigation showed that there are large supplies available and that the consumption is likely to be balanced by replenishment at every monsoon. Other researches relating to coal undertaken by the Geological Survey included an investigation into the specific gravity of Indian coals and their ash contents. One result has been the discovery of a rule by which the prospector can deduce the probable ash content merely by measuring the specific gravity.

The Geological Survey also completed during the period an estimate of the total quantity of high-grade iron-ore in Singhbhum and Orissa. The results of this investigation showed that this portion of India contains reserves of the order of three thousand million tons of high-grade ore, which is more than can be smelted by the total amount of coking coal of metallurgical quality known to exist in India, even if the whole amount of such coal were reserved for the iron and steel industry. Certain ... questioned the accuracy of the estimates ... friable and fine-grained ... an officer of the Geological Survey visited the Lake Superior ... for the purpose of studying the extent to which soft, fine-grained and friable ores are used in American practice and has submitted a report thereon which shows that a surprisingly high proportion of such ores is utilised. Experiments are now being conducted upon the friable iron-ores for the purpose of determining their fineness as compared with North American ores.

... continued upon the Tertiary ... re likely to occur, ... cal survey has also been made of the oil-shale tract ... d in the Amherst district in Lower Burma. A careful examination was made of the mica mines of the Kodarma tract in the province of Bihar and Orissa, with a view to determine whether the mining methods in vogue are capable of improvement. The result of this inspection was to confirm what was already known of the unsound methods by which many of the mica deposits are worked, and to draw attention to the necessity of insisting upon the preparation of mine plans. In view of the increasing importance of the refractory minerals, sillimanite and kyanite, special attention has been given to the occurrence of these minerals in India.

The Industrial Commission considered it necessary that Government should take in hand a systematic survey of the hydro-electric resources of India available for the generation of electrical energy. Prior to the publication of the report, the policy of Government had been to leave ... investigations of this kind mainly to private enterprise, ... two officers to carry out a ... resources of the country. These officers were assisted by officers appoint... by the provincial Governments, and by 1921 three reports had been published giving a fairly complete preliminary survey of the more important sites.

But in the meantime the introduction of the reforms precluded the Government of India from further expenditure in this direction and from April 1921 the continuation of the work had to depend on the activities of provincial Governments. In some provinces, particularly Assam and the Punjab, the work was continued in the manner originally contemplated and reports were published for Assam in 1923 and for the Punjab in 1924-25. In the latter province the survey was followed by the undertaking of one scheme of great importance, the Uhl river hydro-electric scheme. This project was approved by the Legislative Council in 1924-25 after considerable discussion and work on it was started in the following year. It will render power available for industrial purposes in a number of Punjab towns and in its first stages it was estimated to supply a maximum demand of 36,000 kilowatts at a cost of four crores of rupees Its designers have estimated that it could be developed so as to supply power to towns as far distant as Delhi and the west of the United Provinces.

In Madras preliminary investigations of several schemes were continued and one important scheme for the development of power on the Pykara river (not far from Ootacamund) was worked out in detail. The adoption of this scheme is under consideration. In the United Provinces several projects have been [illegible] tion with irrigation works [illegible] purposes, these schemes [illegible] cheap rates. Three projects have been taken up (one being already in operation) on the Upper Ganges Canal, and a larger scheme, estimated to cost 47 lakhs of rupees, has been prepared for the approval of the Legislative Council. Some work was done in Burma after the transfer of responsibility to the local Government, but no comprehensive survey was undertaken. In Bombay the local Government, on the recommendation of a Committee, decided in August 1921 that work on the survey should cease forthwith; the carrying out of detailed investigations was thereafter left to private enterprise In Bengal a Committee of officials was appointed in 1921 to consider what measures should be taken to conduct and control the work of the survey. After considering the results of certain local investigations which were directed to the Hill Tippera area round Comilla and Chittagong, they reached the conclusion in 1924 that the amount of power available was too small to pay for the costly works necessary to enable it to be developed.

CHAPTER IX.

Intelligence and Technical Assistance.

It is generally recognized that official agency can perform useful functions in respect of the dissemination of intelligence relating to industry and trade. The formation of the Department of Commercial Intelligence, whose headquarters are at Calcutta, was one of the earlier activities of the Central Department of Commerce and Industry and it

has played a steadily increasing part in assisting Indian industrialists. In 1921 a scheme for its expansion and the opening of fresh branch offices was approved: but retrenchment led to its abandonment, to a reduction of the existing staff, and to the closing of the Commercial Museum attached to the department. Up to 1921 its functions had been confined to overseas trade, but in 1922, following a suggestion made by the Standing Finance Committee of the Legislative Assembly, it undertook the supply of information relating to interprovincial trade. The main functions of the department are to answer trade inquiries, to keep Government in touch with commercial opinion, to assist Indian firms to estalish or extend trade relations with foreign traders and to collect and publish statistics. In respect of mineral inquiries, the Geological Survey of India acts as a bureau of intelligence and a source of expert technical advice available to prospectors, capitalists and the public generally.

In Great Britain the Indian Trade Commissioner's office exists to foster and assist the export trade of India. The Trade Commissioner's primary function is to render all possible assistance to firms and individuals in India who are interested in the sale of Indian goods in foreign, and particularly European, markets. Assistance is also given to firms and individuals in Europe who are importers of Indian goods and who are anxious, or who ca [illegible] ir activities in this direction. The work [illegible] by retrenchment,* which necessitated its [illegible] building with an inadequate staff, has continued to expand. A recent development was the appointment of a Trade Publicity Officer for trade publicity work in England and on the Continent of Europe. His main work is to make Indian products more widely known by a systematic scheme of participation in fairs and exhibition.

A Trade Commissioner was appointed at the end of 1921 to East Africa, but the appointment was abolished in 1923 owing to depression in trade and the need for retrenchment. In 1927 the Government of India decided to assist one of the major industries in the search for markets A Trade Mission including the Director-General of Commercial Intelligence and Statistics and the Secretary of the Bombay Millowners Association was deputed to the Near East and Africa to survey the potentialities of certain countries as markets for Indian cotton goods and to make recommendations for the encouragement of the export of cotton manufactures from India. The Mission was also instructed to examine the advisability of appointing Trade Commissioners.

Commercial intelligence also occupies the attention of provincial industries departments and particularly in provinces where these departments are well organized there has been a constant stream of sellers seeking purchasers and a smaller stream of purchasers seeking sellers who apply to the departments for information. There are numerous inquiries and applications for advice regarding the sources of supply

* The Indian Retrenchment Committee recommended the abolition of the appointment of Trade Commissioner

of materials, the position of the markets, export trade, official regulations and even trade customs and business practice. The answering of these inquiries is only made possible by the constant collection of information · to the amassing of that information nearly every activity of an Industries Department makes some contribution.

Publications form an important medium for the dissemination of intelligence and the issue of publications designed to give industrialists information relating to industry and trade is essentially a development of the last few years. The main official periodical is the *Indian Trade Journal*, a monthly issued by the Department of Commercial Intelligence and Statistics. This has expanded in scope and circulation. 2,400 copies are now printed every week and the journal has for some years been self-supporting. The *Labour Gazette* produced by the Bombay Labour Office, though primarily devoted to labour affairs, also devotes some attention to commercial matters. In the Punjab an Industrial Bulletin was published fortnightly between 1920 and 1923, but the demand for it did not justify its continuation. The *Journal of Indian Industries and Labour* after appearing quarterly for over two years became a victim to retrenchment in 1923 Various reports contain information of value to those engaged in industries.

Surveys of industries have been carried out in some provinces : these have for the most part been confined to cottage and minor industries. In Bengal a survey was conducted by five circle officers in 1922 and 1923, the results being published in 1924 in a Report on the Survey of Cottage Industries in Bengal. The report which dealt both with cottage industries and with the smaller factory industries was prepared on a divisional basis, each division being surveyed by a separate officer; within the divisions the industries were discussed in turn. In the United Provinces a survey of industries on a district basis was conducted in 1922-23 by ten officers who had been appointed a few months before undertaking the work as divisional Superintendents of Industries. The officers had little previous experience of their subject and the committee which reviewed the working of the Industries Department in 1925 observed that they did not think that the reports contained sufficient material to form the ground of a provincial handbook on industries. In Madras a survey of cottage industries was initiated in 1927. This also is being done on a district basis, but the work has been entrusted to a single special officer. In Bombay a survey of art and crafts was carried out in 1926-27 by an officer specially appointed for the purpose In Burma a survey of the cottage industries of Mandalay District was conducted in 1921-22 ; a similar survey of the Myaungmya district was abandoned on account of financial considerations shortly after it had been begun. The compilation of a directory of trades and manufactures is now being undertaken in the Punjab.

A few surveys of particular industries have been conducted. An expert from England conducted a survey of the vegetable oil industry of the Punjab in 1922 and in his report put forward a number of sugges-

tions for its improvement. In Burma the results of some investigations made into the rice-milling industry in three districts were published in 1922. The lace and embroidery industry was the subject of a survey in Madras and investigations were made by an expert into the match industry in Bengal and Bihar and Orissa.

Miscellaneous publications have been fairly numerous. The *Handbook of Commercial Information* for India, of which a second edition was published in 1924, is designed to assist those interested in the export trade to increase their demands for Indian products. The Central Department of Industries and Labour has issued a long series of bulletins,* some of which have dealt with specific branches of industry and trade, such as the manufacture of cement, glass, gilt wire and tinsel, paper pulp and paper and some with general subjects such as factory construction and labour questions. A number of bulletins in this series have been devoted to Indian minerals. Written by expert geologists, they have dealt in turn with most of the important minerals in India from the industrial point of view. Attention has been paid chiefly to the industrial uses of the minerals, the specifications and standards of quality demanded in the trades concerned, the general methods of the markets and the sources of competing supply. Series of bulletins have also been issued by several provincial departments. These have in many cases made available to the public the results of researches, investigations and surveys and have added substantially to the comparatively scanty literature on Indian industries.

But in addition to rendering available information regarding facts, provincial departments have in most cases gone on to give technical advice and assistance of a technical and general kind. The smaller industrialists in India often undertake enterprises with a singularly poor equipment of knowledge for the purpose, and are consequently faced with difficulties which they find it difficult to resolve. On the one hand, many who enter an industry with little or no previous acquaintance with the subject are apt to assume that their main task is the overcoming of the technical difficulties attendant on production and that the solution of these will bring them in sight of success. As the experienced business man is aware, the battle in most cases only begins when the technical problems have been overcome. On the other hand there are those who embark on an enterprise with some knowledge of business but no sufficient technical equipment. Frequently the small industralist adds to his difficulties by his anxiety to employ the cheapest rather than the most profitable agents. In the United Provinces, the Director of Industries found a clerk assisted by a low-paid mistri in charge of a large concern in which over ten lakhs of rupees had been invested. And even where the equipment is not defective, the minor enterprise cannot afford to retain experts whose services may be required only at rare intervals.

* The *Bulletin of Indian Industries and Labour*.

To meet these needs the provincial Industries Departments have undertaken the supply of advice in industrial matters with varying success. In order to function properly in this direction, a department must be provided with a certain minimum of experts and that minimum has not in every case been reached Departments have had to carry on their work in some cases without a chemist at hand and even without an officer with engineering qualifications. But where the experts have been available, valuable work has been done. It is unfortunately impossible to give any comprehensive summary of work which takes the form of dealing with a multitude of isolated inquiries of all kinds. Some departments have appended to their annual reports long catalogues giving the subjects of inquiries; others have given a few examples of interest · some give up the attempt to explain this part of their work in detail Little can be attempted here beyond mentioning the main branches of work coming under this head.

At the outset the small industrialist frequently requires advice regarding the choice of site and the construction and planning of his factory. Those whose acquaintance with business is limited to the big concern would be surprised to learn of the number of instances in which smaller enterprises have forfeited all chance of success by failure to pay attention to the most elementary considerations in respect of the choice of a site. Factories have been started without ascertaining whether raw materials can be secured at prices which will make it possible to manufacture at a profit; buildings have been constructed or purchased which are entirely unsuited for the purpose of a factory. Machinery has been purchased which has proved ill-adapted or in some cases not adapted at all for the work in view. And the arrangement and extent of the plant have been fixed without any close reference to commercial considerations. Industries Departments have assisted industrialists by furnishing plans, designs and estimates, by advising on the choice of a site and the selection and purchase of machinery. In a number of cases they have been able to satisfy potential industrialists that their own projects were defective and to prevent the outlay of capital on schemes offering no hope of success.

In many cases information is required regarding particular branches of work. The assistance of Industries Departments is invoked by small manufacturers in search of specific raw materials. Recipes are wanted for the manufacture of substances, descriptions are required of the processes involved in producing various articles, advice is sought regarding the purification or refining or polishing of products, or the improvement or replacement of particular machines.

Frequently difficulties arise in connection with manufacture and assistance is required to overcome them. A few examples from one industry—soap—will illustrate the type of work done. In Bengal a small manufacturer sought advice regarding improvements in the quality of a soap: the defects were pointed out and he was given suggestions for improving the product. In Bihar and Orissa a sample of indigenous

carbolic soap was analysed and compared with an imported brand: the defects were pointed out to the manufacturer. In Madras the Kerala Soap Institute, in addition to providing recipes, has shown manufacturers how mistakes in manufacture can be rectified. In the United Provinces a soap works which had started manufacture spoiled a large amount of material. The soap plant was reorganized with the assistance of the Technological Institute, one of the students being put in charge. Not only was it brought into a satisfactory working condition, but the whole of the spoiled material was recovered.

In many other industries assistance has been given in removing defects in products which were acting as a check to enterprises. For example in Bengal a manufacturer was assisted in preventing the occurrence of mould in his inks. A pharmacy was in difficulties owing to the development of acidity in some of the fermented drugs it made. The Industrial Chemist was able to trace the origin of the defect and to improve the product; at the same time improved ovens were designed to effect a saving in fuel in the distillation processes. In Bombay a firm manufacturing a chemical found that their product was affected by discoloration. Laboratory experiments were made and a method was devised for removing the defect. Occasionally an opportunity is offered of effecting a substantial improvement in manufacturing methods. In Bengal the proprietor of a small shellac factory asked for assistance in improving his product, which was mainly of poor quality. The, Industrial Chemist was able as a result of a visit to the factory and an examination of the methods to devise methods whereby the factory could produce fine quality shellac without extra labour and practically at the same cost as before. The manufacturer got a gain of between Rs. 10 and Rs. 15 per maund of shellac, he was enabled to work with 18 ovens against 6 used in preceding year and found that his product was in great demand on account of its excellent quality. In the United Provinces in 1926-27 the oil expert enabled one oil mill to secure a 25 per cent. increase in its output and assisted in reorganizing another so as to effect savings believed to amount to about Rs. 30,000 annually. In a third oil mill, alterations in design are expected to effect savings of Rs 10,000 annually.

In most provinces a considerable amount of analytical work is done on raw materials and products on behalf of private industrialists. This work has been carried out in some provinces by an Industrial Chemist working in the Department of Industries, in others by chemists attached to educational institutions, or by chemists working in connection with pioneer factories or research institutes. As a result of analyses carried out on behalf of manufacturers, it has often been possible to point out improvements that might be effected.

The tanning industry by reason of its importance and the extent to which it is carried on in small scale enterprises offers a big scope for assistance. The smaller tanneries are in many cases ill-constructed and ill-equipped and the owners have often little knowledge of the techni-

cal side of the business. In Bengal, the Tanning Institute has been of great assistance to small tanneries They have been supplied not merely with advice on all branches of their work but with special preparations such as chrome liquor and fat liquor. The Institute has also undertaken on payment at industrial rates the work involved in finishing processes for small tanners. The results obtained in a number of investigations have been introduced to private tanneries; thus a number of tanneries have been enabled to start on tanning lizard skins, a new branch of industry in Bengal, and they have been instructed in the tanning of hunting trophies. Demonstrations are constantly given in tanning methods at exhibitions and elsewhere by the staff of the Institute. In Madras tanners who have any difficulties are able to apply to the Leather Trades Institute for advice and assistance In the Punjab, improvements were effected in the smaller tanneries by the Tannery Superintendent, demonstrations have been given and the manufacture of chrome leather was started. A model tannery was constructed by Government; an account of its fortunes is given later. In this province it was found advisable to carry assistance a stage further back as it was evident that defective flaying was a serious handicap to the development of the industry. An expert was borrowed from the Civil Veterinary Department to investigate the subject: his recommendations were circulated to butchers and hide merchants and two men were trained as flaying demonstrators. As a result of their demonstrations the quality of hides was improved, and appreciably better prices were secured by those supplying them In the Central Provinces, a Leather Expert has been employed in demonstrating improved methods of tanning, flaying and curing and has assisted in the starting of a leather finishing factory and a chrome tanning factory.

In some cases the small industrialist is able to carry out some of the processes but cannot economically undertake others. Reference has been made to the finishing of leathers by the Bengal Tanning Institute; in 1925 a sum of Rs. 2,500 was received in payment for this work from small tanners. The small match factories in the United Provinces could not afford to instal the machinery necessary to cut the wood and make splints and veneers, and a plant has recently been erected at the Woodworking Institute at Bareilly for the purpose. In order to encourage the use of up-to-date machinery for oil milling in the United Provinces, a demonstration oil-milling plant was installed at the Technological Institute at Cawnpore in 1926. It has given very successful results in milling oil for proprietors of mills and a number of proprietors who have visited it are altering their own installations.

It is perhaps in connection with the erection and working of machinery that assistance is most constantly needed. The erection of machinery is frequently a task beyond the power of the small industrialist and skilled technical assistance cannot always be obtained at a reasonable cost. [illegible]

to a machine until it refuses to run at all, and production has then to be suspended. In nearly every province the officers of the Industries Departments have given valuable assistance in connection with the erection, care and adjustment of machines.

In Madras this work has been systematized and has assumed considerable proportions. The erection of machinery is undertaken at a small percentage on the price of the machinery; in 1926-27 70 applications were received for erection and the total machinery erected represented in value 4½ lakhs of rupees. Machine installations are overhauled three times a year for a fee of Rs. 10; in 1926 7,298 industrial concerns used the services of the department in this manner. Repairs are also undertaken and an industrial workshop is maintained where repairs can be effected. In Bihar and Orissa this work has also been undertaken on a systematic basis since 1923, and although on a much smaller scale than in Madras, shows a steadily increasing tendency. In 1926-27, 11 erections were undertaken and 10 firms compounded for regular inspection of their machinery: the fees realized amounted to over Rs. 8,000 Elsewhere advice has been given free of charge as a rule by Industrial Engineers or circle officers. Even such simple assistance as is involved in the detection of a broken piston ring or an untrue connecting rod or the making of an elementary adjustment has often been of great value to the small proprietor using a power plant without any knowledge of its mechanism

CHAPTER X.

Government Purchases.

The policy of utilizing the possibilities offered by the substantial requirements of Government for various articles to encourage local industries dates from a generation before the Industrial Commission; but that Commission, in its recommendation for the establishment of a central stores purchasing agency in India, pointed out a gap in the machinery of Government which prevented the accepted policy from being carried into full effect. It should be explained here that the term "stores" is generally misapplied (and will be so used in this chapter) to denote supplies. Stores rules and stores policy are ordinarily concerned not with the storing of goods but merely with their supply. Some stores purchasing organizations maintain stocks of goods; others, *e.g.*, the Indian Stores Department, do not.

Following the recommendations of the Industrial Commission, the Stores Purchase Committee was appointed at the end of 1919. Its main purpose was to work out a scheme for the establishment of the agency for the purchase of stores recommended by the Commission, and the resolution appointing the Committee authorized it to enquire and report "what measures are required to enable the Departments of the Government of India and of Local Governments to obtain their requirements so far as possible in India, and what central and local

agencies for purchase and inspection should be constituted". It was was also asked *inter alia*—

(1) to devise "a system which will, so far as possible, meet the wishes of local Governments, while securing to the fullest extent practicable the great advantages of centralized purchase, thereby eliminating competition between the different Government agencies, and of an expert and highly specialized inspecting agency, whose advice and assistance will be of no less value to the private manufacturer than to the Government indentor",

(2) to provide "clear information regarding the probable benefits which railways could expect from the assistance and advice of a fully equipped stores agency, and as to the lines on which that assistance could be most advantageously afforded".

The Committee had as its President Mr. (afterwards Sir) Francis Couchman, a Member of the Railway Board, and the members included the Director-General of Stores from the India Office, three business men, and experts with Indian experience of the Army, Public Works, Railways and Finance

The Committee's report was presented in July 1920—

"As regards stores of Indian origin", they wrote, "the principal ground for complaint at present is that the expressed policy of Government in favour of the purchase, by preference, of such stores, rather than of imported articles, is defeated by the prevailing lack of information, amongst Government officers, of the available resources of the country; by the difficulty they experience in making the close comparison of price now required; and by their defective equipment for making use even of such resources as are within their knowledge. The result is that officers are induced to adopt the line of least resistance, and to obtain stores of extraneous origin when, with better facilities, they might obtain instead suitable goods of Indian manufacture. This reacts prejudicially on the development of Indian industries, and on the economy and convenience of the public service.

"The remedy is to be found in the establishment of an expert purchasing agency in India, equipped with facilities for knowing the manufacturing resources throughout the country; able to purchase efficiently in the various markets of India; and competent to carry out such inspection as may be necessary".

They recommended the creation of an Indian Stores Department for the purchase and inspection of stores in India. The Department, they suggested, should purchase certain stores, particularly chemical stores (including oils and paints), leather goods, textile goods and timber, for

all Central Departments and engineering stores for all such departments except the military authorities, railways and public works. The Indian Department was to absorb the existing organization for the purchase of stores in London and was to utilize it as a branch working under the High Commissioner for India for the securing of such stores as would not be purchased in India. Local Governments and Company railways would be free to employ the Department if they so desired. The services of the Department were also to be available for Indian States and for municipal and other *quasi*-Government bodies when required.

As regards imported stores, they observed that the existing rules practically prevented their purchase in India. They recommended that the restrictions on such purchase should be abolished and that officers should thus be enabled to purchase imported stores through the agency of branches, agents and dealers in India.

Two members of the Committee submitted a separate memorandum. They accepted the general conclusions as regards indigenous stores, quoted above, and the general scheme for the organization of the new [illegible] of imported stores through [illegible] middlemen in India. On this point they supported the view of the Indian Industrial Commission, who regarded the prescriptions of the existing Stores Rules to be suitable subject to the addition of a provision regarding purchases from Indian branches of British manufacturing firms.

The control of the Stores Department in the India Office was transferred to the High Commissioner for India almost immediately after the presentation of the Committee's report. The head of this department had previously been directly responsible to the Secretary of State for India, and the change gave the Government of India, through the High Commissioner, control of the working of the Department. But the London Department was not (and is not now) subordinated to the organization set up in India, as the majority recommended. In this respect the Government of India accepted generally the views of the minority of the Committee.

One important question which arose at once out of the Stores Purchase Committee's report related to the modification of the Stores Rules, which laid down the policy to be followed by all agencies for the purchase of stores. The provisional views of the Government of India were published in March 1921. Here again the Government of India were guided generally by the proposals made by the minority of the Committee. Later in the same year, a decision was taken to devote funds to the extent of 150 crores of rupees to railway capital purposes during the following fiv [illegible] ssembly adopted a [illegible] nittee consisting of [illegible] teps to be taken to encourage the establishment of the necessary industries, so that as

large an amount as possible of that sum should be spent in India. The Committee was also asked, on the recommendation of the Assembly, to advise Government regarding the revision of the Stores Purchase Rules The rules as finally promulgated followed, with a few minor alterations, the draft approved by that Committee, and the new rules came into force in 1924.

The preamble of the rules contained the following statement—

> "The policy of the Government of India is to make their purchases of stores for the public service in such a way as to encourage the industries of the country, so far as is consistent with economy and efficiency. In pursuance of this policy the following rules are prescribed, with the sanction of the Secretary of State, for the supply of articles for the public service".

Two other important changes were made in the rules. In the first place, the rule providing for the local purchase of articles manufactured in India from Indian materials had formerly permitted such purchase where the price was "not unfavourable". The new rule merely prescribed that the price should be "reasonable", and thus permitted the purchase of the indigenous article even where a certain increase in cost was involved. In the second place, a new rule was introduced which permitted the purchase in India, subject to certain conditions, of plant and machinery manufactured abroad from branches of approved manufacturing firms.

This last alteration represented an advance in the direction of the purchase in India of imported stores; but it formed an exception to the general principle underlying the rules which remained substantially unaltered. That principle was that generally the Indian article should be purchased in India and the foreign article purchased by the London Department. It was the proposal to maintain this principle which raised the only substantial amount of controversy regarding the new rules and a large section of public opinion, who could claim that they had the support of the majority of the Stores Purchase Committee, were in favour of centralizing all purchases in India. Just before the promulgation of the revised rules, this question was raised in the Legislative

Government of India had in 1907 put forward proposals which would have made the purchase in India of imported stores the general rule; but they felt that for the time being it was better to retain the general prescription in favour of purchases of imported stores from the London Department and to increase the number of exceptions as experience was gained. In consequence, the new rules followed the old rules in providing for a dual system of purchase; certain articles were to be purchased in India where tenders would be made in rupees; other articles were to be purchased through the London Department on a system of sterling tenders and despatched by official agency to India.

In consequence of the alterations in the constitutional position, another change was introduced in the rules in that the new rules were not applicable to Governors' Provinces. Local Governments were at liberty from the introduction of the reforms to regulate their own policy in respect of the purchase of stores for transferred departments, and in 1925 *they were given full discretion* as regards the purchase of all stores required by them. The special rules applicable to the purchase of Stationery and Printing stores were approved in 1925 and these allowed a wider latitude in respect of the purchase of imported stores in India than the ordinary Stores Rules.

In 1927, a further important change took place. Prior to this date, the Audit Resolution prescribed that the previous consent of the Secretary of State was required to any expenditure on the purchase of imported stores otherwise than through the India Store Department in London except in certain specified cases. In 1927 the Secretary of State agreed to an amendment of this rule in such a manner as to confer on the Government of India full powers in regard to central expenditure *on imported stores other than military stores. In response to an enquiry* in the Legislative Assembly in March 1927, it was announced that, following this change, the Government of India were " engaged in working out the precise arrangements required for the adoption of a system of rupee purchase to the utmost possible extent". In other words, Government accepted the modification of the policy in respect of the purchase of imported stores urged by the Legislative Assembly in 1924.

This was followed in 1928 by the publication in draft form for criticism of an entirely new set of rules. Whereas under the old rules, purchase of imported stores in India had been the exception, the new rules provided that, with certain exceptions, all stores should be purchased in India, and that tenders should be for supply in India and for payment in rupees. The preamble indicated that in purchasing stores preference would be given first to articles produced in India from Indian materials, secondly to articles wholly on partially manufactured in India from imported materials, and thirdly to articles held in stock in India.

But the Stores Purchase Committee's Report resulted not merely in an alteration in stores policy but in the setting up of a new agency for carrying out that policy. After consulting local Governments the Government of India established the Indian Stores Department at the beginning of 1922. The Textile Purchase Section, which was started under the Munitions Board and had been continued under the Department of Industries, formed the nucleus of the purchasing side of the department; on the inspection side the new Department absorbed the establishment of the Superintendent of Local Manufactures at Calcutta and of the Metallurgical Inspector at Jamshedpur and the Government Test House at Alipore.

A scheme for its gradual expansion was prepared, but financial stringency led to the halving by the Legislative Assembly (with the concurrence of Government) of the grant proposed for the depart-

ment in March 1922. And it had completed about a year's work on a reduced scale when the Inchcape Committee recommended that its further expansion be stopped until certain conditions (which did not appear likely to be fulfilled at any time in the near future) were satisfied But this recommendation was rejected by the Government of India and the department's activities have increased steadily. The [illegible] inspection side, the headquarters office supervises the Metallurgical Inspectorate at Jamshedpur, the Alipore Test House and inspecting offices at Calcutta, Cawnpore, Bombay, Karachi and Madras. A small test house has recently been started at Bombay.

The following figures giving the value of stores purchased and inspected give some indication of the progress made :—

Year	Purchases	Stores inspected.
	Lakhs of rupees	Lakhs of rupees.
1922-23	165	142
1923 24	167	221
1924-25	259	214
1925-26	267	392
1926 27	309	514
1927-28	373	574

The figures represent, of course, only a fraction of the purchases by Government in India and the conception of the Stores Purchase Committee has not been fulfilled in practice, for the Department, generally speaking has been left to make its own way. Local Governments and even departments of the Central Government have been at liberty to utilize the department or not as they think fit ; so that the expansion of the department has been dependent on its proving its capacity. Charges of 1 per cent. on the value of stores purchased and 1 per cent. on the value of stores inspected are levied ; and indenting governments and departments have been free to form their own judgment regarding the benefits to be gained by dealing with the Stores Department.

This modification of the original conception involved a considerable retardation in the development of the department as envisaged by the Stores Purchase Committee. It is only in respect of textiles that the Department now makes nearly all the purchases of Government stores in India. But it is noteworthy that the local Governments generally have given the Department a large measure of support. The most important purchases made independently of the department have been those of central government departments, notably the Railway and the Army Departments, which are the main purchasing departments. The fact that the purchases of these departments have not hitherto

been made as contemplated by the Stores Purchase Committee has led to an enhancement of the cost, in proportion to the work done, of maintaining the Stores Department and to public criticisms of the policy of Government on this and on other accounts. This is not the place for a discussion of the difficult questions involved. But it may be remarked that the scheme of the Stores Purchase Committee possibly paid too little attention to the difficulty inevitable in setting up a new department, which was intended in part to supplant active and extensive purchasing agencies and yet was not to be directly responsible to the departments maintaining those agencies. And the expansion of the new department, left as it was to depend mainly on the efficiency of its service for custom, is a testimony to the value of the work it has done.

It should not be supposed that the work of the Stores Department is confined to complying with such indents for stores as are placed with it. In various directions the department is able to encourage and assist industrialists in India. Indents placed on the Director-General, India Store Department, London, are scrutinised with a view to preventing demands from going abroad for articles which can suitably be obtained in India. In a number of cases indents on the London Department are cancelled and the order is transferred to Indian firms. More frequently, steps are taken to ensure that future orders are placed in India. Indian suppliers are assisted to improve the quality of their wares to standards suitable for the requirements of the public service, and every effort is made consistently with the economy and efficiency of the various departments to secure the expansion of Indian sources of supply. Thus investigations are constantly made into the possibilities of manufacturing articles not previously manufactured in the country, and the department has been responsible for a substantial widening of the range of articles obtainable in India.

One example may be given of a case where special financial assistance was accorded to enable manufacturers to undertake a supply of materials previously imported. In 1924 the Government of India approved a proposal for assisting manufacturers in India to supply certain great coat cloth and serge drab mixture required by the Army. It was agreed that for three years a premium not exceeding Rs. 30,000 annually would be paid to cover the difference in cost between the prices for imported materials and those quoted for the cloths made in India, and it was hoped that if the industry were thus given a start, it would be able after three years to compete on more or less level terms with British mills. The progress made in the first two years was smaller than was anticipated, because the cloth had to be interchangeable with the standard imported cloth and some difficulty was experienced in reaching the prescribed standard. Out of orders for 20,000 yards of cloth in these two years, 17,000 yards were accepted. In consultation with the military authorities, it was then agreed that in 1927 the Indian-made material would be accepted in large quantities for issue to Indian troops (where the question of interchangeability does not arise), and contracts amount-

ing to 60,000 yards in all were placed and the full quantities were accepted. While the period of experiment does not appear to have been sufficiently long to enable the Indian manufacturers to reduce prices to the level of the prices for the imported article, it should now be possible for them to secure orders under the ordinary provisions of the Stores Rules without the assistance of the special bounties that have been given during the last three years The premia expended during these years amounted in all to Rs 50,000.

In the United Provinces, a Stores Purchasing Department was set up in 1921 and by 1926-27 its purchases had reached a value of 26 lakhs of rupees. The operations of the department met with a considerable amount of criticism in the earlier years on various grounds and a Committee which was appointed in 1925 to review the activities of the provincial Industries Department was especially asked to report on its working The majority of the Committee were strongly of opinion that the bulk of the purchases made by the provincial department should in future be effected through the Indian Stores Department. But a minority of the Committee were opposed to this recommendation. The two points of view are summarized in the following paragraphs from a resolution by the local Government which contains the latter's conclusions on the question :—

"The dissentients recommend that all provincial purchases should continue to be made through the provincial Stores Purchase department. They state that the Imperial stores are not under the control of the local Minister for Industries; that the change would deprive the Legislative Council of the opportunity of controlling and criticising the purchases of the department; that they are unaware whether the Imperial stores have given satisfaction; and that they are not satisfied than the Imperial stores can supply articles at cheaper rates than the provincial department. They quote the statement of the stores purchase officer that the Imperial department will take a less sympathetic view than the local department of the industries of the United Provinces, noting that, though the former department has purchased several lakhs worth of drill, it has purchased none in the United Provinces. They further argue that the local department has given great help to jail industries. On the other hand, the majority of the committee assert that the India department has developed its methods considerably beyond those of the provincial department, that its contracts are more complete, that it confers on its customers the great advantage of sharing in large indents, and that it is better able to examine materials of all kinds, as it keeps a test-house at Alipore, and has a more competent inspecting staff. After examining the weighty arguments for and against the existing system, the Government have decided to retain it for the present."

The example of the United Provinces has not been followed by any other province. The question received some attention in Bombay in 1923 and a proposal to organize a stores purchasing agency was examined in Madras about the same time. The report of the Director of Industries, Madras, for 1923-24 stated that " it was definitely decided during the year under review that the proposal should not be proceeded with, in view of the experience of another local Government in this direction ".

The purchase of stationery articles (including paper) has for long been entrusted to an entirely separate agency, *viz.*, the Department of Stationery and Printing. The organization maintained in this case is responsible not merely for the purchase of articles on behalf of indentors, but also for the storing in most cases of the articles purchased, and a fairly complete system of centralized purchase was in force before the introduction of the reforms With the introduction of the reforms, local Governments were empowered to make their own arrangements for the purchase of stationery as well as of other stores. Four local Governments have taken the opportunity of making their own arrangements These are Madras and Bombay (which commenced operations by taking over the stores of stationery formerly maintained in these presidencies by the Central Government), Bihar and Orissa and Burma. Other local Governments have continued to secure their supplies through the Central Department which has extended its activities by undertaking the supply of stationery articles to State railways and, in some cases, to company-managed railways.

CHAPTER XI.

Pioneer Factories.

The pioneering of industries by Government has for long exercised and especial fascination on the public mind. If it is accepted that the State should take an active part in industrial development, the most immediate method which presents itself of carrying out such a policy is that the State should itself become an industrialist. Reference has already been made to the earlier efforts in this direction, and the keen opposition evoked by Lord Morley's orders in this respect furnished a proof of the importance which was attached to such efforts and their extension. The pioneering of industry is now regarded rather as an exceptional than an ordinary function of the State (except by those who would reorganize the whole economic basis of society); but the ventures made in this direction are none the less of distinct interest.

Before dealing with purely pioneering enterprises, it is important to observe that the State takes and has always taken a big share in industry in the direction of supplying its own needs. Close on ten per cent. of the factory population is employed in publicly owned factories, and a considerable number of miners work in coal and salt mines owned

by the State. The 61 railway workshops, great and small, owned by Government, alone employed upwards of 75,000 persons in 1926. The 23 ordnance factories employ over 20,000 persons and the 12 official printing presses owned by Government or local bodies employ over 13,000. The State railways also own coal mines, and Government has a monopoly of salt mining. Government factories have in many cases taken the lead in introducing improved machinery and processes and in expanding the industrial production of India. The possibilities of expanding in new directions and introducing new industries in this manner are naturally limited by the limited requirements of Government, but they are not yet exhausted.

The biggest enterprise started in the last few years which broke entirely new ground is the Security Printing Press owned by the Government of India which is situated at Nasik in the Bombay Presidency. This press was established for the printing of stamps, currency notes and securities, work which could not formerly be done in India. The total capital invested is about sixty lakhs and the factory began work in 1925, after preliminary experiments had been carried out at Delhi. It is now in a position to meet the requirements of India for stamps and notes at a lower cost than that formerly incurred on their purchase abroad and it embarked on the printing of currency notes in April 1928. Another recent effort in a direction entirely new to India is the manufacture in the Gun and Shell Factory at Cossipore, Bengal, of railway axles from acid steel.

But ventures of this kind stand in a different category from the strictly pioneering enterprise. The aim of the ordinary government factory is not the advancement of private enterprise: in many cases it is engaged in work which could be done by private enterprise. Nor does it enter the public markets as a vendor. The pioneering enterprise, on the other hand, is a venture in which Government endeavours to manufacture and sell a product. The product may be (*a*) one new to a particular province or area, or to India as a whole, (*b*) an improved form of an existing product, or (c) an old product made by a new or improved method. Examples of each of these three types will be found in the accounts which follow.

A distinction is usually drawn between pioneering and demonstration factories. As a matter of fact the pioneering factory is essentially a particular variety of demonstration factory: its final aim is the demonstration to private enterprise of the possibility of success in a new line; this involves the overcoming of the initial difficulties, technical and commercial, which frequently act as a deterrent to private industrialists. Such enterprises necessarily involve a distinct risk of failure: but while a venture is not started unless there are substantial grounds for expecting a success, even a failure may have some value for demonstration purposes. Normally the intention is that the experiment should not be continued after its success or failure has been clearly demonstrated. It is, however, convenient to reserve the term 'demonstration factory' to factories where commercial success is not the aim, *e.g.*, factories

designed to educate workers or small industrialists at the expense of the State or to demonstrate only the technical and not the commercial aspects of an industry; and to use the term 'pioneering factory' for commercial ventures. Examples of the former type of activity have been given elsewhere; the accounts which follow all relate to commercial ventures.

The pioneer factory is in most cases not the first but the second step in the endeavour to establish an industry. Before a pioneer enterprise can be launched with a prospect of success, it is often essential to conduct a series of small scale experiments. A period of investigation frequently discloses the existence of serious obstacles in the way, and in a number of cases investigations which have been carried no further have been of service as providing experience not merely for Government but for the benefit of private industrialists contemplating similar ventures. In some cases where successful manufacture appeared to be possible, there were no sufficient reasons for Government taking up the manufacture, and further progress was left to private enterprise.

The Government of Madras have always taken the lead in pioneering enterprises, and the Government Industrial Institute, Madras, offers an example both of experiments which led to a pioneer factory and experiments which went no further than the experimental stage. It developed from an industrial laboratory started at Coonoor by Sir Frederick Nicholson and was in its earlier stages devoted to experiments in the manufacture of several products, including inks, adhesives and vinegar. It was moved to Madras in 1922, by which time inks had been produced which appeared to be equal in quality to imported inks, and their manufacture had commenced. The other lines offered less promise and by 1923 they had been abandoned and the Industrial Institute, though still retaining that name, has since then been devoted exclusively to the manufacture of fluid inks and ink powders.

The object of the factory was to demonstrate that with the aid of indigenous materials it was possible to prepare writing fluids which would compare favourably in quality with standard imported inks, and the factory has shown that such inks can be successfully manufactured under Indian conditions. A large variety of inks of different colours and types has been manufactured. It was found however that the demand for liquid inks was limited and that the use of very inferior ink powders was increasing. In 1923 the factory accordingly took up the manufacture of cheap ink powders, and successfully made several varieties of superior ink powder. In the case of fluid inks the factory was endeavouring to supply an article formerly imported, but in the later developments it has been in competition with the local manufacturer, although producing superior powders. At a later date the manufacture of compressed ink tablets was undertaken, and experiments have been conducted continuously in the manufacture of new inks. The aim is to pave the way for private factories which will produce indigenous inks of good quality. The average annual sales for the three years ending with March 1927 have amounted to about Rs. 26,000 and the average

net profit has been over Rs. 1,000. The factory is now taking up the training of apprentices on scientific lines. The disposal of the product has been facilitated by the fact that the purchases of the Superintendent of Stationery, Madras, have recently accounted for about two-thirds of the sales. Sales are, of course, made to him at strictly competitive rates, but a wider extension of sales would be advantageous.

A somewhat similar enterprise, on a larger commercial sale, is the manufacture of soap. The experimental manufacture of soaps was conducted by Sir Frederick Nicholson and Mr. A K. Menon, an Oil and Soap Expert appointed in 1913, and a small factory was established for some years in a rented building In 1921-22 a new factory, now known as the Kerala Soap Institute, was constructed at a cost of about a lakh of rupees The original scheme was for the establishment of a technological institute, studying the soap industry and allied industries and in due course providing facilities for training students. But the factory has confined its attention to the manufacture of soaps and glycerine, and it was not until 1927 that it was able to take in apprentices. The factory has placed on the market a wide variety of soaps, and has been successful in showing that soaps can be commercially manufactured in Madras Presidency. The venture has shown a small net profit over a period of years. The annual net sales for the three years 1924-25, 1925-26 and 1926-27 have shown an average of about two and a half lakhs of rupees. Marketing has given some difficulty, as satisfactory agents for sales were not easy to find, but an active advertising campaign and the study of local markets have assisted in spreading the reputation of the Institute's products and stimulating the demand for them. The success of the factory has already led to the establishment of a number of small factories manufacturing soap, and a number of the owners of these factories have been assisted and advised by the staff of the Institute. Some small factories have unfortunately been responsible for placing on the market injurious imitations of a toilet soap made at the Institute—an unsolicited testimonial to its popularity.

The glue factory at Madras must be included in the list of pioneer enterprises that failed. The first experiments were made in 1916 and in response to demands from the Indian Munitions Board a satisfactory product was evolved. The efforts to manufacture glue on a commercial scale were continued for a year by a private syndicate, to whom Government leased their buildings and plant. In October 1921 they relinquished the work and the factory was taken over by Government. The factory worked at a loss throughout, the last complete year's working showing a deficit of Rs. 17,000, and it was closed in 1924 when the enterprise was finally abandoned. The technical difficulties attending the manufacture of glue under tropical conditions, which were regarded by many chemists as insuperable, had been largely overcome, but the cost of manufacture was too high to enable the factory to work commercially and there was no prospect of securing a market large enough to enable the cost to be reduced to a level that would render successful competition possible.

The same factor led to the failure of another pioneer enterprise in Madras. The Fruit Preserving Institute at Coonoor started, after a number of preliminary experiments, in 1922. It produced jams and jellies from Indian fruits and also placed on the market canned and bottled fruits. The jams and jellies were of good quality, but there was not a sufficient market to make their production profitable and the Institute never approached the point at which the demand would overtake the economic supply. There was even less prospect of securing an adequate market for the preserved fruits, and the factory was closed in 1926. The average annual loss in the last three financial years was over Rs. 20,000, a sum in excess of the average annual sales.

In the Pallapayalam Sugarcane Crushing Factory, another Madras enterprise, the demonstration was one of new methods and not of a new product. The industry in this case was already in existence; the main object was to evolve and demonstrate better methods of conducting it, and in particular the advantage of using power-driven plant. Although useful results were achieved in some directions, notably in the production of an improved furnace for the use of crushed cane as a fuel, the factory was not successful in manufacturing jaggery at a profit for some years. After 1920 a profit was secured and the installation in 1922 of a five-roller mill in place of the three-roller mill previously employed gave a substantial increase in the percentage of cane juice extracted. At the end of 1922 the factory was lent for a season to a co-operative agricultural and industrial society free of rent. The society was thus enabled to test the possibilities of the crushing of cane by power, with the result that it has since installed a mill of its own. With the establishment of the possibility of successful crushing of cane by power, the aim of the factory was attained and in 1926 Government sanctioned its sale to a local co-operative society formed for the purpose of taking it over.

The most recent pioneer enterprise of the Industries Department in Madras is the manufacture of printers' ink. This is an entirely separate industry from the manufacture of writing inks and ink powders, and was initiated in 1925 in the premises formerly occupied by the glue factory. By 1927 the enterprise had barely advanced beyond the experimental stage, but the results of the numerous experiments undertaken give distinct prospects of successful working.

The extensive operations of the Department of Fisheries in Madras include several industrial enterprises. A cannery for fish at Chaliyam was maintained for a number of years, but suspended manufacture in 1925 when it became clear that the endeavour to work it on a strictly commercial basis was not meeting with success. The main difficulty was the disposal of the product; the consumption of canned fish is not an Indian habit and a substantial demand could only be secured by going to Burma or further afield. The cannery was handicapped by an unfavourable location and other circumstances. There appeared to be a prospect of its successful working after some reorganization

and in 1926 the Government of Madras decided to recommence manufacture under the charge of Sir Frederick Nicholson, but he was unable to undertake the work. The Experimental Station at Tanur was started in 1908-09 with the object of demonstrating methods of fish-curing and developing the fish-oil and guano industry, and as a result of its efforts a large number of factories for fish-oil and guano were opened on the west coast of Madras It was later placed on a commercial basis and in addition to manufacturing oil and guano has undertaken pioneer work in the manufacture of fish meal for sale as a food for cattle, pigs, poultry, etc. A satisfactory product has been evolved, but the Indian market is as yet extremely limited.

Efforts made by the Industries Department in Bombay to conduct operations in the manufacture of fish oil and guano were a failure, mainly owing to the reluctance of fish to appear and play their part; the enterprise was brought to an end in 1922. Another unsuccessful pioneering venture in Bombay was the endeavour to introduce steam trawling for fish. A trawler was purchased from England and began working in May 1921. It conducted operations for the better part of a year but by the following February it was evident that the proposition was not a commercial one and the trawler was sold in 1922. The sale proceeds of 36 voyages covering a period of 9 months were not equal to the running costs for two months, exclusive of interest on capital, depreciation and repairs The absence of cold storage (introduced into the market in the following year), the fact that a large proportion of the fish caught did not meet the popular taste, severe climatic conditions and high supervisory expenses combined to ensure failure. The results of the experiment were published and in the following year a private firm experimented with a steam trawler for some months, but failed to secure success The Madras Government in 1926 purchased a second-hand trawler for the purpose of exploring the possibilities of deep-sea fishing · it commenced working in 1927.

An objection on the ground of interference with private enterprise led to the closing of a semi-commercial factory in Bombay. Experiments in the Sir J. J. School of Art in the manufacture of brown teapots were brought to a successful conclusion in 1921 and a scheme was approved for the production of flooring tiles and teapots. Machinery was obtained from Europe and a factory started at the School of Art in 1923. But in the following year a complaint regarding the competition set up was received from the proprietor of a pottery in Kathiawar, and after an inquiry by the Director of Industries, the working of the factory was stopped.

In Bihar and Orissa the Department of Industries prepared in 1921 a scheme for a sugarcane factory in South Bihar. There were several factories in North Bihar but uncertainty as to whether the cultivators would be willing to sell cane to the factory had prevented capitalists from starting a factory in what was, in other respects, a promising area. The local Government believed that this obstacle could be overcome

and in January 1922 the Legislative Council adopted an official resolution recommending the starting of a Government factory ; the project, which was to cost four lakhs of rupees, received warm support. The necessity of revising the estimates prevented action in that year and in August 1923 the Legislative Council was asked to approve a revised scheme costing five lakhs of rupees. The revised scheme had been approved by the Board of Industries, but on this occasion opposition in the Council was almost as general as approval had been eighteen months before and the proposal was rejected without a division. The members who spoke against the scheme voiced doubts as to its soundness and emphasized the danger that the factory would compete with private enterprise. The scheme was accordingly abandoned ; the course of events in the sugar industry in the next few years provided arguments against reviving it

The Blanket Factory at Gaya furnishes an example of an endeavour to combine in one institution a commercial enterprise and a demonstration factory. Its main object was the training of young men of the shepherd class to use modern weaving appliances but it was also hoped that it would be able to produce more durable and cheaper articles than those which were made locally. Starting at the end of 1922, it had difficulty in securing yarn and its product met with severe competition. The accounts showed a steady loss ; the total loss was over Rs. 6,000 in less than two years, and in 1924 the Director of Industries decided to close it. The necessity of training weavers was a handicap and experience elsewhere has shown that an educational institution can seldom be made a commercial proposition. In 1925 the factory was reopened by Government (it had previously been financed by the District Board) on a reorganized basis as the Gaya Wool-weaving Institute : the attempt to demonstrate commercial results was abandoned and the institute was maintained at the expense of Government with a view to training the local weavers and assisting a cottage industry which is in danger of dying out.

The primary object of the demonstration Match Factory established by the Bihar and Orissa Government at Gulzarbagh was to see whether good matches could be made in India from Indian woods at a profit. Match-making on a small scale had been attempted by a number of individuals, but without much success. The Director of Industries, in his report for 1922-23, referring to these efforts, wrote—

> " It is easy to produce a good match from Indian wood in India. Several of these pioneers are producing matches which are satisfactory in every way and strike during the rains just as well as at any other time. Most, if not all of them, however, have committed many mistakes. They have not secured a proper supply of wood ; they have put down their factories in wrong places ; they have bought unsuitable machines and are trying to do without others equally necessary. Several of them also have no knowledge of the proper

method of making match-heads. In fact, almost every mistake into which ignorance or inexperience could lead them has been made. Yet there seems an excellent opening for match-making in India "

The position was investigated by an expert in the subject and after considering his report the local Government decided to open a factory. The primary object was " to see whether good matches can be made in India from Indian woods at a profit in a well-equipped factory " . the factory was to demonstrate the working of good match-making machinery and would be available to train persons desirous of instruction in match manufacture It was also " to enable Government to give advice with confidence to persons who require it ". As a commercial venture the factory has not yet achieved success. From the start it met with one of the difficulties mentioned by the Director in connection with private factories, viz , failure to secure a proper supply of wood. The factory started in January 1926 but unsatisfactory supplies of wood led to its closing down twice during that year for periods aggregating over four months Some of the wood was of bad quality and the factory also suffered from inefficient labour. The sale prices realized fell far short of the anticipated prices, and the accounts up to March 1927 showed a considerable loss.

The Tannery built by the Punjab Government at Shahdara, near Lahore, was intended to be a Model tannery. The majority of the tanneries in the Punjab were badly designed, poorly equipped and inefficiently worked. The Government tannery was the first tannery in the province completely equipped with machinery ; it was to exhibit the commercial working of tanning by modern methods, and to serve also as a training ground for experts. A certain amount of the machinery was acquired in 1922 and building commenced in 1923 ; the tannery was opened in February 1925. It encountered unexpectedly heavy losses from the start, and two years sufficed to demonstrate that it could not be continued as a commercial concern. The question then arose of continuing it purely as a demonstrational and instructional centre, but it was built and provided with power on a much larger scale than was necessary for such purposes and Government reached the conclusion that the probable results did not justify the heavy expenditure that would be incurred. It was therefore decided in 1927 to close down the tannery.

The transfer in the United Provinces of two pioneer enterprises to private management, which was effected during the period under review, is of particular interest as affording thereafter an example of State shareholding in private concerns The factories (which utilize the same power machinery and occupy adjacent premises at Bareilly) were started in 1918-19. One, a turpentine and resin factory, proved

ment acted as a handicap to successful working and in 1924 the factories were transferred to the Indian Turpentine Company and the Indian Bobbin Company respectively, the companies being organized by a syndicate of business men. In each case Government retained part of the share capital and other interests and were allotted a representative on the directorate.

The Turpentine Company has prospered—so much so that, although the local Government have received a lakh of rupees in three years as their share of the profits, they have been subjected to criticism on the ground that the terms of transfer were unduly favourable to the syndicate—a view accepted by a majority of the Legislative Council in the debates on the budget for 1928-29. The Bobbin Company on the other hand has had a chequered career. It concentrated on the manufacture of bobbins and installed a considerable amount of new machinery. But after receiving a loan of Rs. 80,000 from Government in 1925 in order to enable it to build up stocks, it had to apply for further assistance early in 1926 with the result that Government considered it necessary to write down their debentures by a sum of Rs. 1,65,000. Later in the same year, a fresh difficulty arose from the fact that the stock of bobbins built up in Bombay failed to withstand the Bombay climate and it became increasingly unlikely that bobbin manufacture would prove a successful proposition. Later, the Company's difficulties were increased by the Company's bankers foreclosing for debts outstanding on overdrafts. Government were able, however, with the co-operation of the Turpentine Company and of a private concern, to secure the reconstruction of the company with a view to its concentrating on timber extraction. This line appears to offer better prospects than the manufacture of bobbins, which has been abandoned for the present.

It seems probable that with the increase of industrial enterprise in India the field for successful state pioneering factories has contracted and will contract further. In 1926 the Government of Madras, who have to their credit the only definite successes of the last few years, decided that the experimental work of their Industries Department should not ordinarily go beyond the laboratory stage, and that pioneer manufacture should be left mainly to private enterprise in the future. And as the next chapter will indicate, there have been developments of some importance towards a policy of assisting private enterprise with public funds.

CHAPTER XII.

FINANCIAL ASSISTANCE.

The adoption of a policy of assisting private industrialists from public funds may be said to be a result of the recommendations of the Industrial Commission. That body was impressed by the difficulties which faced middle-class industrialists in securing capital. Complaints were numerous that the public were unwilling to invest and that the

banks were difficult to satisfy, and that in consequence the development of sound concerns was seriously retarted. To overcome the difficulty the Commission recommended a number of measures. They contemplated the adoption of a scheme of industrial banks, but until such banks were in existence they suggested that Government might give guarantees of credit, guarantees of dividends, loans, agreements to purchase output, contributions to share capital and facilities for the hire-purchase of plant. Financial assistance was given in some provinces before the Reforms, for example in the United Provinces loans were given on easy terms to a number of factories. But it was not until the Reforms were introduced that provincial Governments found themselves in a position to formulate their own policy in the matter.

Up to the end of 1927, three Legislative Councils has passed Acts regulating the grant of financial assistance. In November 1922 the Minister in charge of the Industries Department in Madras introduced a State Aid to Industries Bill. The Bill received warm support from representatives of all sections of the public, and it was passed with certain amendments in the following month. An important amendment made after introduction was one providing that the local Government should not give aid to any industrial business or enterprise except in accordance with the provisions of the Act, so that the Act delimits the powers of the local Government to give financial aid to industrialists. As the Madras State Aid to Industries Act, 1922*, the Bill became law in 1923.

The industries to which assistance may be given under the Act are limited to new or nascent industries, industries to be newly introduced into areas where such industries are undeveloped and cottage industries. The Act set up a statutory Board of Industries to assist Government in dealing with applications for state aid. The forms which state aid may take include loans, guarantees of credit, subsidies, subscriptions to shares or debentures, guarantees of dividends and grants on favourable terms of land or materials belonging to Government. Loans (including guarantees of credit) can only be given up to 50 per cent. of the net value of the assets of the enterprise receiving assistance, and they are to be secured by a mortgage or floating charge on the whole assets. In the case of loans amounting to over two lakhs of rupees, the local Government are required to take power, by the appointment of Government directors or otherwise, to ensure such control over the assisted enterprises as is necessary to safeguard their interests; and similar action can be taken where smaller loans are given, Recipients of state aid are subjected to restrictions in respect of the distribution of profits, and money due to Government can be recovered in the manner provided for the recovery of arrears of land revenue.

Up to June 1928 seven applicants had received assistance under the Act, the enterprise receiving much the largest amount of assistance being the Carnatic Paper Mills. This company received a loan of Rs. 4,00,000 in 1925, two officials being nominated to the Board of

*Madras Act V of 1923.

Directors for the period of the loan, and a lease was given of certain forest lands for the supply of bamboos. The proceeds of the loan were to be applied to clearing the company's liabilities and it was hoped that the grant of a substantial loan of this character would engender public confidence in the enterprise and stimulate the flow of capital. But this hope was not fulfilled, and the company were compelled to apply for further assistance. Loans amounting to a further sum of Rs. 74,000 were given up to the end of March 1928 and Government also guaranteed an overdraft of Rs. 1,34,000 due to the Imperial Bank of India. By the middle of 1928 the company had not reached the position of being able to commence manufacture and Government took possession on account of its failure to meet its liabilities. Government then commenced negotiations for the disposal of the concern, and these negotiations and the relations of Government with the company formed the subject of a debate in the Madras Legislative Council in September 1928, when an adjournment motion was carried against Government. In the course of the discussion, the Finance Member of the Madras Government observed,

> "it was perfectly clear that there was something radically wrong with this concern started and commended as a promising venture, that the machinery was not suited for the purpose for which it was intended and that the estimates as to cost and the calculations as to the particular kind of paper for which this machinery was adapted were incorrect. The question of markets had not been properly examined."

The six other recipients of aid under the Act have received loans on a much smaller scale. A firm of silk cloth manufacturers were given a loan of Rs. 50,000 to enable them to undertake the preparation, twisting and dyeing of silk for handloom weaving. The business has been making good progress and instalments have been promptly repaid. A co-operative agricultural and industrial society received a loan of Rs. 18,000 to develop the industries they had undertaken, *viz.*, the decortication of groundnuts, the hulling of rice and the crushing of sugar. A company owning sawmills was lent Rs 9,000 for the purchase of a vertical band saw and the owner of a rice mill was lent Rs. 5,000 to enable him to add two cotton gins to his factory. The proprietor of a match factory who required working capital to enable him to operate his factory has been given a loan of Rs 20,000 and a dye works syndicate was given a loan of Rs. 10,000 for development purposes.

A recent report of the Industries Department in Madras observes that while the results cannot be said to have fulfilled expectations, the period during which the Act has been in force has been too short to justify a definite expression of opinion as to whether the Act is likely to realize its object of accelerating the industrial development of the Presidency. But there are indications that the restrictions imposed on the grant of state aid are unduly rigid in their application to cottage industrialists and other small scale industrialists very few of whom

have applied for assistance. Applicants of this class cannot, ordinarily show assets (as the Act requires) equivalent to double the amount of the loan for which they apply, nor can they reasonably be required to maintain detailed and audited accounts and to furnish the various returns required. The local Government have accordingly published a Bill to amend the Act, the Bill, if passed, will make it possible to relax the present requirements regarding assets and accounts and returns in the case of cottage industries and enterprises with a capital of less than a thousand rupees.

The Punjab Industrial Loans Act which also became law in 1923, is a much less elaborate measure than the Madras Act It provides only for assistance in the form of loans and the detailed provisions governing the grant of loans are left for the most part to rules. The principal change made in the law by the Act was the introduction of a simple procedure for the recovery of loans and interest due on them. The powers of the local Government to grant financial assistance to industries otherwise than under the Act are not expressly restricted. The Act has been sparingly used No loans appear to have been given in 1924-25 or 1925-26, in 1926-27 six applicants received loans of Rs. 5,000 each.

Later in the same year, the Bihar and Orissa State Aid to Industries ct was passed This measure, as originally introduced in the Legislative Council, differed in important respects from the Madras Act. It dealt only with some of the forms of state aid covered by that Act, included provisions for the supply of machinery on the hire-purchase system, and did not limit the power of the local Government to grant aid otherwise than in accordance with the provisions of the Bill. In the course of its passage through the Council, however, it was substantially amended. and as finally passed, it follows the Madras model fairly closely. The most important variation is the inclusion of a number of provisions relating to the supply of machinery on the hire-purchase system

The largest amount of assistance so far given under the Act to one concern is Rs 5,00,000 which represents the amount of debentures taken in 1924-25 by the local Government in Indian Steel Wire Products, Ltd. One of the conditions of the purchase of the debentures was that the assets of the Company and its share capital should be written down by more than 50 per cent. The company started work in December 1925, but it was unable to work up to its full capacity; an important part of its plant remained idle, and it did not appear to have sufficient capital to secure economic development. In his report for 1926-27 the Director of Industries noted that the company "is still in a bad way and it cannot find sufficient capital to work the factory regularly and produce an economic output."

In another case in the same year Government sanctioned a cash credit of Rs. 75,000, which has been reduced by Rs. 5,000 a year in the subsequent two years. A small rice hulling plant was purchased by Government and worked experimentally on condition that it would

be taken over by a private individual if it worked satisfactorily. The tests were successful and the machine was transferred, the proprietor *repaying the cost in full. In the same year a match* manufacturing company were given under the hire-purchase system match-making machinery worth over Rs. 4,000. They were able to start work in February 1926, but have had to contend with serious difficulties, and have not met their obligations under the contract with Government. In 1925-26 a loan of Rs. 40,000 was granted for the development of a *fruit* canning business, but the owner found the results unsatisfactory since, to quote the Director of Industries, "against all his expectations based upon war time demand the products found very little sale in India." A machine for husking *masur* was supplied on the hire-purchase system. More recently a number of other applications for credit or machinery have been sanctioned.

In some other provinces the question of legislating to regulate the grant of State aid to industries has been under consideration for some time. A draft Bill on the general lines of the Madras Act, prepared in the United Provinces was published by the Committee which examined the working of the Industries Department in 1925. In Bombay the question of undertaking legislation on the lines of the Madras State Aid to Industries Act was considered at one time by the Advisory Committee on Industries; but the Committee were divided on the question and no Act is in force. Bills on the general lines of the Madras and Bihar and Orissa A
of Bengal and the
Bill is a provision
of the services of Government officials or experts for starting or advising an industry." But the absence of legislation does not prevent local Governments from granting financial assistance to industrialists; and indeed the Government of the United Provinces, where there is no Act on the subject, have given more financial assistance to industries than any other local Government.

Here the question of establishing an industrial bank was examined in 1921-22 by a Committee appointed by Government. The Committee decided against the establishment of such a bank, but they were of opinion that the task of supplying small industrialists with capital upon easy terms in approved cases should be undertaken by Government and recommended the appointment of a Board of Industrial Loan Commissioners who would be responsible for making advances from a sum placed annually at their disposal by Government. The report of the Committee was published and after considering criticisms the local Government adopted a scheme based upon, but differing in some respects from, the proposals of the Committee. A Board of the type suggested by the Committee was established in 1922, but its functions are advisory and the *responsibility of deciding what loans should be given* rests with Government. In addition to loans, sums are distributed in the form of grants; the allocation of the funds available for distribution in this manner rests with the Board of Industries.

Between 1922 and 1927 five fairly large loans have been given and six smaller loans. The larger loans comprise —

Rs. 6 00,000 to the Lucknow Sugar Works, Ltd.

Rs 4 00,000 to the Karaundia Development Corporation, Ltd.

Rs. 1.20 000 to the Shri Maha Lakshmi Sugar Corporation, Ltd.

Rs. 1 00 000 to the proprietor of a glass works.

Rs. 80 000 to a Bobbin Company.

The Lucknow Sugar Works were unable to fulfil the terms of their original agreement which was made in 1922, and by the end of 1925 arrears of interest amounted to Rs. 1 76 000 A fresh arrangement was subsequently made for the repayment of the capital and interest in annual instalments, but the Company failed to pay the amounts due under this agreement and agreed at a later stage to pay in monthly instalments. These, however, have not been regularly paid recently. The Karaundia Development Corporation went into liquidation in 1927 owing Government a sum amounting with arrears of interest to about five and a half lakhs of rupees ; in this case it is unlikely that Government will recover any substantial amount. The Shri Maha Lakshmi-Sugar Corporation also defaulted, and Government had to extend the dates for payment. This Company also is in arrears with its instalments. The Glass Works have paid regularly, but it is not possible yet to say that the loan has achieved its purpose, viz., the establishment of the manufacture of sheet glass. The bobbin factory assisted was the factory to which reference has been made in the previous chapter and the question of writing off the loan is under consideration.

Passing to the smaller loans, Rs. 12,000 was given to an ink manufacturer in 1922-23 for the manufacture of lithographic inks; the borrower defaulted, but instalments were recovered at later dates from his surety. Rs. 22,000 was lent in 1924-25 to a printing concern for purchase of new type casting machinery: on a representation from the company Government suspended payment of instalments of the principal for two years. Rs. 2,000 was lent in 1925-26 for the preparation of a working model of a machine invented by the borrower: the experiment was unsuccessful. Rs. 5,000 was lent in 1925-26 for starting a match factory, and the same borrower applied for a further loan in 1926-27 and received Rs 5,000 more. In this case, as in the case of Rs. 1,000 lent to another industrialist in 1926-27, it is too early to measure the results. A loan of Rs. 300 given for purchasing a hosiery

in the last three years.

The sums disbursed in the form of grants in the United Provinces in the six financial years between 1921 and 1927 have amounted in the aggregate to over Rs. 1,29,000. For the most part, the grants are

given to those endeavouring to start new factories; for example the grants in 1926-27 included three amounting to Rs. 12,000 granted to four *ex*-students of the Technological Institute for starting factories for toilet and textile soaps, chrome leather and tinctures.

In Burma financial expenditure on a substantial scale was incurred on behalf of one company, the Burma Spinning and Weaving Company, Limited. This company which was founded in 1921 erected a ginning and spinning mill at Myingyan, spending about Rs. 25 lakhs, of which Rs. 15 lakhs was borrowed at interest rates of 16 per cent. and 20 per cent. per annum. The mill could not be profitably worked with such heavy interest charges and in 1923 the company applied to Government for a loan. Following a resolution in the Legislative Council, Goverment granted a loan in 1924 of Rs. 15,00,000 at 6 per cent. per annum, and obtained a mortgage on the property and personal collateral security from the directors for half the loan. The company paid the 1925 instalment of interest after some pressure and in the same year a resolution was moved in the Legislative Council recommending that Government should give an annual bounty to the company of any interest it could not pay. The resolution was withdrawn after it had been opposed by Government The company failed to make the 1926 payment of interest and Government then agreed to postpone this payment for a year on certain conditions; but the company later in the year asked Government to take over the property in full satisfaction of their loan and the interest on it. This proposition, which if adopted would relieve the Directors of their personal liability of Rs. 7½ lakhs, was put before the Legislative Council in a non-official resolution in 1927, and was supported on the ground that the alternative of closing the mill would be injurious to cotton producers in Burma. The motion was carried and the Government of Burma, as mortgagees, took over the property in March 1927 in full settlement of their claims, which amounted to about Rs. 16½ lakhs. After calling for tenders, they accepted, later in the year, an offer of Rs. 7 lakhs for the mill. The net loss to Government on the transaction, after allowing for other assets realized, was Rs 8,38,000.

In Assam small loans have been granted under rules framed by Government in 1922. Thus in 1925-26 the loans given to industrialists included Rs. 5,000 for the development of an oil and rice mill, Rs. 700 for starting a leather working shop, Rs. 700 for the establishment of a weaving factory, Rs. 500 for purchasing implements for manufacturing gold and silver ornaments and Rs. 500 for the completion of an automatic loom invented by the borrower. In Bengal small loans have been systematically given to *ex*-students of weaving schools at nominal rates of interest to enable them to set up in business. The result has been the establishment of a number of small dyeing and weaving factories. In Bombay, in 1922-23 a loan of Rs 5,000 was granted without interest to enable the owner of a weaving factory to erect buildings in which improved looms could be installed and utilized for giving instruction in weaving. And in 1925-26 a loan of six lakhs of rupees was given to a sugar manufacturing concern, which had commenced operations a few

years before and required additional capital to enable it to continue operations. Efforts to raise capital in the open market had proved unsuccessful The loan was granted for a short term at a commercial rate of interest.

As a result of the reforms, the powers of the Central Government to give financial assistance to industrialists were severely limited. The steel industry has received bounties to an extent far exceeding the amounts given or lent to industry by all local Governments during the period ; particulars are given in a later chapter. Apart from the bounties granted in pursuance of a policy of protection, assistance has only been given by the Government of India in one or two special cases. The Calcutta Soap Works were granted in 1923 a loan of Rs. 25,000 in order to enable it to undertake the manufacture of dynamite glycerine: the loan was to be repaid in ten annual instalments. Plant was secured from abroad for the purpose, but before it was erected, the Company became involved in financial difficulties and it went into liquidation in 1927. Only one instalment of the loan had been repaid, and it is unlikely that Government will be able to recover more than a portion of the money lent.

In 1924 an arrangement was made with a paper mill company which, in essence, involved the loan of public money for a limited period. The company had successfully tendered for the supply in 1924-25 of substantial quantities of paper to Government, and Government agreed to take, in advance of their immediate requirements, paper up to the value of Rs 8,00,000, and to make immediate payment for the same, subject to a discount of 6½ per cent. The paper was stored at the risk of the company, and when it was taken out of store by Government, a refund was made to the company of a portion of the discount corresponding to the unexpired portion of the year. The transaction was thus equivalent to a loan of money at 6½ per cent. for various periods up to one year. At the time the paper industry was in difficulties owing partly to foreign competition, and the question of its claim to protection was under consideration. This loan affords perhaps the only example so far of a substantial loan to industry which has been repaid on the terms originally arranged, having achieved the purpose in view, and it was exceptional in that the period of the loan was extremely short and the money was advanced against actual material of an equivalent value.

CHAPTER XIII.

Protection.

(a) The control of fiscal policy.

If the Reforms made in difficult or impossible for the Government of India to assist Indian industries by some methods, they were destined

given to those endeavouring to start new factories; for example the grants in 1926-27 included three amounting to Rs. 12,000 granted to four *ex*-students of the Technological Institute for starting factories for toilet and textile soaps, chrome leather and tinctures.

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the Government and the Legislature in India are in agreement." And they added :—

"This examination of the general proposition leads inevitably to the consideration of one special case of non-intervention. Nothing is more likely to endanger the good relations between India and Great Britain than a belief that India's fiscal policy is dictated from Whitehall in the interests of the trade of Great Britain. That such a belief exists at the moment there can be no doubt. That there ought to be no room for it in the future is equally clear. India's position in the Imperial Conference opened the door to negotiation between India and the rest of the Empire, but negotiation without power to legislate is likely to remain ineffective. A satisfactory solution of the question can only be guaranteed by the grant of liberty to the Government of India to devise those tariff arrangements which seem best fitted to India's needs as an integral portion of the British Empire. It cannot be guaranteed by statute without limiting the ultimate power of Parliament to control the administration of India, and without limiting the power of veto which rests in the Crown; and neither of these limitations finds a place in any of the Statutes in the British Empire. It can only therefore be assured by an acknowledgment of a convention. Whatever be the right fiscal policy for India, for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same liberty to consider her interests as Great Britain, Australia, New Zealand, Canada and South Africa. In the opinion of the Committee therefore, the Secretary of State should as far as possible avoid interference on this subject when the Government of India and its legislature are in agreement, and they think that his intervention, when it does take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangements within the Empire to which His Majesty's Government is a party."

The question was taken up by the reformed Central Legislature in its first session. A resolution was adopted in the Council of State in February 1921 asking for the grant to the Government of India of "full fiscal autonomy subject to the provisions of the Government of India Act," and a few days later it was announced in the Legislative Assembly that a Fiscal Commission would be appointed "to examine with reference to all the interests concerned the tariff policy of the Government of India, including the question of the desirability of adopting the principle of Imperial Preference, and to make recommendations." In the following June the Secretary of State accepted the principle recommended by the Joint Select Committee and for the first time the effective control of fiscal policy passed to India.

(b) The Fiscal Commission.

The Indian Fiscal Commission began its work in November 1921. It had as its President Sir Ibrahim Rahimtoola, and the majority of the ten members had taken a prominent part in industrial enterprise in India. After a comprehensive tour of India, in the course of which a large amount of evidence was taken, the Commission presented its report in July 1922. On the question of the importance of industrial development the Commission had little difficulty in reaching the conclusion that such development would be "very much to the advantage of the country as a whole." They believed that it would result in the creation of new sources of wealth, and the accumulation of capital, with a consequent enlargement of the public revenue and of the avenues of profitable employment for labour that it would conduce to economic stability and that it would also have the effect of "stimulating the national life and developing the national character."

The Commission were unanimous in finding that the adoption of a policy of protection was in the best interests of India. The majority favoured a policy which they described as "protection with discrimination," the discrimination to be exercised in the selection of industries for protection and the degree of protection afforded. The main safeguards which they proposed lay in the conditions which, in their view, industries should satisfy before they could secure protection. These were :—

(i) That the industry possesses natural advantages;

(ii) That without the help of protection it is not likely to develop at all, or not so rapidly as is desirable ; and

(iii) That it will eventually be able to face world competition without protection.

Claims for protection were to be examined by a Tariff Board, so constituted as to render it independent of political influence and to enable it to advise Government and the Legislature on tariff policy.

The Chairman and four members of the Commission, while entirely in favour of a protective policy, did not endorse these detailed proposals. They recorded their view that no qualifications or limitations should be made a condition precedent to the adoption of a policy of protection, and the only discrimination which they desired to see was "such discrimination as may be considered necessary by the Government of India and the Indian Legislature*." While agreeing in the proposal to constitute a Tariff Board, they recommend that two of the three members should be elected by the non-official members of the Indian Legislature and that the Board should also include two assessors representing the leading Commercial and Mercantile Associations.

The Commission made a number of other proposals including one for the abolition of the cotton excise duty. Other recommendations designed to benefit Indian industries included a proposal to subject goods belonging

*Report, page XV.

to Government to customs duties * They were opposed to the placing of obstacles on the inflow of foreign capital, but endorsed the policy of the Government of India in restricting concessions to firms registered in India with rupee capital and willing to train Indian apprentices The minority wished to impose these conditions by legislation on all firms establishing industries behind the tariff wall.

(c) *The adoption of protection.*

The main question came before the Legislative Assembly in February 1923, when Mr. Jamnadas Dwarkadas, a member of the Fiscal Commission, moved a resolution advocating the adoption of a policy of protection, " its application being regulated from time to time by such discrimination as may be considered necessary by the Government of India with the consent and approval of the Indian Legislature." On behalf of Government, Mr (afterwards Sir) Charles Innes moved an amendment involving the acceptance in principle of " the proposition that the fiscal policy of the Government of India may legitimately be directed towards fostering the development of industries in India." The amendment embodied the principle of discrimination with due regard to the criteria laid down by the majority of the Fiscal Commission, and recommended the appointment of a Tariff Board for a year in the first instance. The amendment after a full debate, was adopted.

As Mr. Innes had [illegible] the Government of India had not acce[illegible] " without deep searchings of heart ar[illegible] keen desire of Indian industrialists and the educated middle classes for protection there had never been any doubt. But the masses of the country were agriculturists and the main part of the sacrifice involved in the abandonment of free trade would fall on them. They were for the most part non-vocal but those agriculturists who were able to make their voices heard were naturally apprehensive regarding the burden that protection would place on them. During the debate the Government were accused by one member speaking on behalf of agricultural interests of yielding to the clamour of the Press and of those who could speak, loudly and neglecting the interests of the masses in the matter. And Mr. Innes remarked significantly " if the agricultural classes which form the bulk of the population in India were fully able to grasp the issues involved in this question of free trade *versus* protection, and if they were able fully to bring their influence to bear upon this Assembly, I doubt very much whether this Assembly to-day would accept my amendment I doubt indeed whether I should be putting that amendment forward." But, apart from the fact that important economic advantages could be expected in return for the sacrifices involved, the question could not be approached from the purely economic standpoint. It had been recognized from the start as inevitable that the Reforms would involve a

* This was embodied in the Sea Customs (Amendment) Act, 1924 (VIII of 1924).

change in the fiscal policy of India in the direction desired by the politically-minded classes of the people and the Fiscal Commission were unanimous in advocating a change of policy. Finally, the force of events had led Government to a partial abandonment of their former policy before the Fiscal Commission was appointed. The necessity of raising revenue had led to large increases in the customs duties so that some industries were already enjoying a fair measure of protection; these increases had not been made uniformly nor had they been made solely with regard to considerations of revenue. To some extent, therefore, the new policy involved the substitution of a tariff scientifically designed to assist industries for one which was arbitrary and irregular in its effects on the industries of India.

(d) *Iron and Steel.*

Following on the passing in the Legislative Assembly of the resolution relating to protection, the Indian Tariff Board was appointed in July 1923. The Fiscal Commission had expressed the opinion that the question of protecting the manufacture of steel should be one of the first subjects of inquiry by the Board and this question was referred to the Board as soon as it was appointed. The reports which the Board presented in the following spring contained a close analysis of the position of the industry with detailed proposals for protection. They found that the industry, apart from any claim that could be based on its importance for purposes of national defence, satisfied the criteria laid down as justifying the grant of protection and that without substantial protection it could not survive. In estimating the degree of protection required, the Board made detailed investigations into the position of the Tata Iron and Steel Company (the only firm which was manufacturing steel on a large scale in India), and analysed the probable cost of producing steel—a question of great intricacy. On the basis of their investigations they drew up a series of proposals for enhanced import duties and bounties on various types of steel products. The Board then went on to consider, with special reference to its previous proposals, the position of various subsidiary industries employing steel products, *viz.*, the engineering industries, the wagon-buildi

the manufacture of tinplate,

steel castings and enamelled

and the manufacture of steel castings and enamelled ware, protection was not recommended, but in all other cases proposals for protection were put forward. The general scheme involved substantial increases in the import duties on iron and steel in various forms and the grant of bounties on steel rails and fish-plates and on railway wagons.

The price to be paid was a heavy one. The Board estimated the burden at approximately a crore and a half annually, over a third of which would be borne directly by the general consumer, the remainder falling in the first instance on the larger industries of the country and upon Governments, public bodies and the Railways. But the alternative

wa- the extinction of the industry, and all that that involved. To quote from the Board's report—

> . . . it is worth while to consider briefly what the consequences would be if protection were withheld and the manufacture of steel in India were to cease. A large number of workmen would be thrown out of employment and the industrial training they have gained at Jamshedpur would be to a large extent wasted. A very serious blow would also be inflicted on the coal industry owing to the sudden drop in the demand for coal These, however, are not the most serious results. The development of India's natural resources for steel manufacture would be postponed indefinitely, for we have no hope that, at the present level of prices, fresh capital would be forthcoming or that another firm would enter the business. Finally, and this is the gravest consequence of all, the shock to public confidence in the future of Indian industries would be extreme. It has long been recognised that the progress of industrial development in India will be slow until Indian
>
> clock for twenty years at least."*

The issue came before the Legislature for decision at a special session in May 1924 when the Steel Industry (Protection) Bill was introduced by Government in the Legislative Assembly to give effec. to the proposals of the Tariff Board. The subsequent discussions, both in the Assembly and in the Select Comm ... rly as they revealed a much great ... attendant on a protective policy ... dia had no choice in the matter. ... e principle of protection and was prepared to grant high protection where, as here, a strong case was made out. But the effect of high protective tariffs on the consumer was stressed by a number of members and the case against the whole principle of protection, the cause of nationalization, and the advisability of confining protection to bounties were all presented. It is significant that, although there was a section which considered that the protection offered was tempered unduly by discrimination, the one amendment of substance made in the Bill as presented was made in the interest of consumers; the Assembly, in spite of Government opposition, deleted the proposal to enhance the duty on certain classes of agricultural implements. The Bill passed into law as Act XIV of 1924: it was to have effect for three years and the last section provided for an inquiry to be made not later than March 1927 into the necessity of continuing protection after that date.

The Act had only been in force two months when Government received a fresh application for protection for the steel industry. The

* Tariff Board's First Report on the Steel Industry, para. 142.

Tariff Board had pointed out in [illegible] changes in the world prices of s[illegible] the rates of duty if these chang[illegible] the passing of the Steel Industry (Protection) Act, the price of continental steel fell so rapidly that the industry soon found itself in much the same position, as regards foreign competition, as it had held before protection was given. The Board, on the question of enhancing the duties being referred to them, advised substantial increases in the protective duties: the following particulars relating to those classes of unfabricated steel of which the Indian consumption is highest gives some indication of the scale of the enhancement suggested :—

——	Duty prior to April 1924	Duty approved June 1924.	Duty proposed in November 1924
	Rs. per ton.	Rs per ton.	Rs per ton.
Galvanised sheets	30	45	78
Steel bars	14	40	75
Tinplate	40	60	104
Black sheets	17 5	30	62

The duties generally represented between 50 and 75 per cent. on the value of the articles The Board were precluded by the terms of reference from proposing the grant of bounties in place of a higher tariff, but on this proposal being made by Government, they concurred in it. The existing duties had brought in a substantial increase in revenue, and the proposed duties involved placing a burden on the consumer out of all proportion to the benefit to the Indian manufacturer. These considerations were placed before the Legislative Assembly in January 1925, and the Assembly accepted the Government's proposal to leave the duties unaltered, and to give the additional protection by means of bounties on the production of steel ingots manufactured in the year ending in the following September. The total amount so paid was not to exceed Rs. 50 lakhs.

In the following months the Tariff Board again examined the question and further proposals were placed before the Legislature in September 1925 These involved the payment of bounties on steel ingots not exceeding Rs 60 lakhs between October 1925 and March 1927. The proposals were adopted as was also a resolution recommending the modification of the scheme of bounties on railway wagons. In February 1926 the position of the industry again came before the Legislature, when a Bill was introduced for the amendment of the Steel Protection Act. The Bill which passed into law as Act VIII of 1926 secured three objects. It extended the scheme of bounties on wagons to underframes, enlarged

the total amount payable under this scheme from Rs. 21 lakhs to Rs. 33 lakhs and removed the existing restriction on the amount which might be paid in a single year. In April 1926 the Tariff Board presented a further report on the grant of the protection to the wire and wire nail industry, in this they recommended that the existing protection should not be increased, and their recommendation was accepted

The effect of these decisions can now be summarized. Substantial duties were imposed on iron and steel, including wire, nails, pipes, plates, sheets and certain railway track material and on steel structures with effect from June 1924. Bounties to the total extent of Rs. 110 lakhs were paid on the production of steel ingots between October 1924 and March 1927. Bounties on the production of steel rails and fishplates were paid at diminishing rates for three years from April 1924. Bounties to the extent of Rs. 33 lakhs were sanctioned on wagons and underframes for which orders were placed in the same years the actual disbursements during the years in question amounted to rather less than Rs. 20 lakhs, the remaining sums falling to be given later. A point of some interest in this connection is that the bounties on wagons and underframes were not given directly to the manufacturer, but to the purchaser. The railway administration received the bounty, which was calculated at the difference between the price paid to the Indian manufacture and the price at which the wagon could have been obtained from abroad. In the other cases the bounties went directly to the producers. No exact estimate of the burden involved in the protective duties is possible; but the following figures show the amounts actually paid by way of bounties up to 31st March 1927 :—

Financial year	1924-25	1925-26	1926-27.	Total
	Rs	Rs	Rs.	Rs.
Wagons and underframes .	2,85,600	8,45,400	8,46,060	19,77,060
Steel rails and fishplates .	32,93,536	33,14,946	29,69,838	95,78,320
Steel ingots	25,00,000	43,50,000	41,50,000	1,10,00,000
Grand Total . .	..	..	..	2,25,55,380

Some indication of the results of protection became available in 1927 when the results of the inquiry which was required by the Steel Industry (Protection) Act of 1924 were published. This inquiry was made in 1926 and 1927 and the needs of all branches of the industry were reviewed. In respect of rolled and fabricated steel the Tariff Board found that the policy pursued had been successful. The output of finished steel at Jamshedpur, which was about 163,000 tons

in 1923-4, was estimated at 380,000 tons in 1926-7 and at an average of 500,000 tons for the following years, reaching 600,000 tons by 1933-4. The costs of manufacture had fallen steadily with the increase of output and were expected to fall further. As regards the effect on the consumer, the Board's general conclusion was, "the decline in steel prices and the expansion of the market indicate that the protective duties has not proved burdensome, that the trade of the country has not suffered, and that no serious hardship has been caused to the producer of steel or to the general public." They recommended the continuance of protective duties, but on a greatly reduced scale, and they proposed that the payment of bounties should cease. The new duties, to which the Legislature agreed in March 1927, involved discrimination between British steel and other foreign steel: the discrimination was based not on the desire to introduce the principle of Imperial preference, but on the economic needs of the industry in India and the Indian public. The new duties are to expire in 1934 by which time, on the Tariff Board's estimate, the Indian industry will be able to face British competition (but possibly not Continental competition) on equal terms. In the case of tinplate, the results were not quite so satisfactory; but the Board considered that, "with a reasonable measure of protection, the industry should be established on a firm basis in the near future" and a substantial, but reduced, rate of duty was allowed for seven years.

A later report dealt with railway wagons and underframes, component parts thereof, and wire and wire nails. In the case of railway wagons and underframes, the Board found that the industry, under the stimulus of bounties, had made great progress, and was able, in normal circumstances, to meet foreign competition with no assistance other than the existing revenue duty. But owing to the abnormally small estimated demand for the next few years, some assistance was required and the Board recommended that until normal conditions were restored all orders should be placed in India provided a certain limit of price was not exceeded. The result would be a measure of protection by executive order rather than by legislative authority and for this and other reasons, the Government of India dissented from the proposal and put before the legislature a proposal to raise the import duties on wagons and underframes. This was rejected by the Legislative Assembly chiefly on the ground that it involved a measure of protection in excess of the Tariff Board's recommendation; and Government acquiesced in their decision and agreed to adopt the system suggested by the Board. The Board also reported on the question of protection for component parts of wagons, etc., with the result that the duty on bolts and nuts was altered from a 10 per cent. *ad valorem* duty to a specific duty of Rs. 2 per cwt.; this represented, on the average, a distinct increase in the rates of duty. As regards wire and wire nails, the finding of the Board that the protective duty had failed to achieve its object and should be discontinued was accepted by the Government of India and the Central Legislature.

(c) Miscellaneous industries.

In the meantime a number of claims for protection made by other industries had been considered. The first report presented by the Tariff Board proposed the abolition of the import duty on sulphur, mainly in the interests of the chemical industries. The proposal, which was estimated to involve a loss of rather less than two lakhs annually, was accepted by the Legislative Assembly in June 1924, and sulphur was exempted from the payment of import duty by executive orders. Statutory effect was given to the proposal with the passing of Act XIV of 1925 in the following March.

In 1925 the Tariff Board presented reports on several industries which had applied for protection. The proposals of the Board in respect of the paper industry were of considerable interest as representing the advocacy of protection for the purpose of fostering what was virtually a new industry. The principal substance used by the Indian mills for the manufacture of paper is *sabai* grass, and the Board found that the making of paper from *sabai* was not an industry which had established a case for protection. On the other hand they considered that the manufacture of paper from bamboo might become a very important industry in India and that assistance should be given to enable the possibilities of the industry to be fully explored. For this purpose they recommended a protective duty on all writing and printing paper except "newsprint" containing a high percentage of mechanical wood pulp. They also advocated the provision of capital to the extent of about ten lakhs by Government to one mill which was using bamboo pulp to enable them to increase their output, and suggested that a similar concession might be justified in the case of another mill. The new capital was to be provided preferably by a guarantee of principal and interest on a public issue of debentures.

These proposals came before the Legislative Assembly in September 1925. Agreeing with the Government of India, the Legislative Assembly decided against the proposal to subsidize individual mills. The proposals involved the grant of assistance to monopolists of patent rights to develop their processes and would have given advantages to the mills in question against other Indian mills competing with them. The proposed increases of duty met with some opposition but they were accepted by the Legislature, and were embodied in the Bamboo Paper Industry (Protection) Act.* The result was to give a substantial measure of protection for a period of seven years to the paper-making industry in India. The Act benefited not merely present and future users of bamboo-pulp, but also those manufacturers who were using *sabai* grass and other materials. Indeed, had the Act not been passed, they would probably have found it difficult to continue in business. But in this case protection was adopted solely to secure the development of the bamboo-paper industry. The Act was one, as stated in its preamble "to provide for the fostering and development of the

* Act XXV of 1925.

industry of making paper from bamboo." Minor changes in the tariffs which it imposed were made by an amending Act in 1927.*

The Tariff Board also reported in 1925 on the claims of the manufacturers of cement, magnesium chloride and printers' ink for protection. In the first two cases, the industries failed to establish to the satisfaction of the Board a claim for protection and the Government of India accepted the views of the Board. In the following year, however, when the price of imported cement showed a tendency to fall, the tariff was altered by the substitution of a specific duty for the *ad valorem* duty then in force. The change was made for the purpose of stabilizing the revenue, but the new duty was based on the findings of the Tariff Board and had the effect at the time of enhancing the duty on the foreign article. In the case of printers' ink the Board found that the industry was suffering from a disability arising from the great disparity between the rate of duty on the foreign article and the rates of duty on the imported constituents used by the Indian manufacturer. The duty on printers' ink was, in accordance with the Board's recommendation, raised from 2½ to 5 per cent. These alterations of the tariff were embodied in Act XVII of 1926.

Allegations that the development of a number of industries was hampered by the difference between the duty on the finished article and the duty on materials which had to be imported for the manufacture of the article were referred to the Board for examination in 1925. One or two of these cases arose out of the protective duties on steel: for example on the application of the manufacturers of wire and wire nails, the protective duty on steel rod and round bar of small diameter was remitted in 1926 and finally removed by Act III of 1927†. The same Act removed the duty on spelter, as the Board found that this duty was hampering the development of certain industries. In the case of certain kinds of belting for machinery, the proposals of the Board, as modified by Government, involved a reduction in the duty of yarn used for the manufacture of belting and the imposition of a duty on imported belting. These changes were embodied in Act VII of 1928.

More important issues were raised by the reference to the Board in September 1925 of the question whether a protective duty should be imposed on imported coal. The two leading associations of coal-owners asked for the imposition of a protective duty on all foreign coal; the Indian Mining Association suggested a duty of Rs. 1-8-0 a ton on all imported coal and the Indian Mining Federation's proposals included the imposition of a duty of Rs 5 a ton on coal imported from South Africa and of Rs. 10 a ton on coal imported from any other country. The Board, whose report was presented in April 1926, expressed the unanimous opinion that a case for a protective duty on

* The Bamboo Paper Industry (Protection) Act, 1927.

† Another exemption from the protective duties on iron and steel was that given to the importers of parts of inland and harbour steamers in 1926.

all imported coal had not been established. This conclusion was accepted by Government. On the question of imposing a duty on South African coal to counterbalance the effect of a railway freight concession granted in South Africa the Board was divided; Government accepted the view of the majority that in existing circumstances the imposition of a duty was inadvisable.

An application was made in 1927 by a number of companies engaged in the production of petroleum and asking for protection against injury on account of a kerosene price war then in progress. The Tariff Board found that no action was called for, and the rate war ended shortly after the presentation of their report. The case of the match industry which was referred to the Tariff Board in 1926 presented some peculiar features The industry had grown up under the shelter of a duty substantially enhanced in 1922. Although this duty had been imposed and enhanced for revenue purposes, it represented in 1926 a rate of more than 100 per cent. *ad valorem*, and with the establishment of the industry in India, the revenue naturally diminished. The Tariff Board found in favour of the maintenance of the duty as a protective duty, and the change recommended by them was accepted by the Legislature and embodied in Act XVII of 1928.

(f) Cotton textiles.

The most important fiscal measure taken in the last few years was not the imposition of a fresh duty but the removal of an old one. The cotton excise duty had a long and unhappy history. Its imposition had been based on free trade principles; but the demand for it had come mainly from Lancashire and it had been imposed and maintained in the face of persistent opposition in India. It had not merely furnished a section of publicists with what was to them a convincing proof of their thesis that the economic policy of Government was dictated by regard for British interests, but it had also aroused continuous resentment and suspicion in the minds of the community generally. To quote the Indian Fiscal Commission "the repeal of the cotton excise became an article of political faith among all shades of opinion in India", and the changes made in the tariff in 1917 and 1921, which made the import duties substantially higher than the excise duty, had little effect on the hostility to the latter. With the transfer of the control of fiscal policy to India, its repeal became a question of time.* In 1925 a general strike occurred in the Bombay cotton mills in consequence of a reduction of wages proposed by the millowners; and when it was clear that the reduction would not be made if the duty disappeared, the levy of the duty was suspended by an Ordinance, and the strike came to an end. The duty was finally repealed in March 1926.

† "The history of this question.. shows that throughout the controversy the Government of India and Indian public opinion have been at one" Fiscal Commission's Report, para 98.

The remission of taxation in favour of the millowners throughout the country amounted to about two crores of rupees annually;* but this relief did not bring prosperity to the industry, particularly in Bombay. The Bombay Millowners' Association had already applied for protection and as the Tariff Board was fully occupied with inquiries into steel, a second Tariff Board was appointed to deal with the cotton textile industry. This Board made a large number of recommendations for the reorganization of the industry and they proposed certain alterations in the tariff. They agreed that the existing duties on cotton textile machinery and certain mill stores should be repealed. and this recommendation was accepted by Government. A majority of the Board proposed a 4 per cent. increase in the import duty on cotton piece-goods and the grant of a bounty on yarn of the higher counts; the President did not support the proposal for a bounty and proposed a differential duty of 4 per cent. on all cotton manufactures, including yarn imported from Japan. All the changes were to remain in force for only three or four years.

The Government of India rejected the proposals for the alteration of the duties on cotton piece-goods and for the grant of a bounty ... agreed with the Board in the conclusion that Japan, ... for the depres- ... our ... conditions, ... was permitted in Japan, and in consequence ... rsal in Japanese spinning mills. But the Government of India found that the existing revenue duty on cotton piece-goods fully covered the advantage gained by Japan in respect of cloth; and in the case of yarn, an additional duty would have injured the handloom industry.

The Millowners were not satisfied with these findings and they were successful in persuading the Government of India to alter their views. As a result the Indian Tariff (Cotton Yarn) Amendment Bill, which was introduced in the Legislative Assembly in August 1927, proposed to alter the duty on yarn in such a manner as to give some protection to the bulk of the yarn produced in competition with foreign mills. The Bill was passed, although the possible effect on the handloom industry was responsible for considerable opposition. The measure† is interesting as being designed to protect an industry from competition arising from less stringent labour laws: it is to be in force up to 31st March 1930, this date being selected on the assumption that, owing to a change in the Japanese factory law, by the end of 1929 "all yarn produced during the period that women were allowed to work at night should be off the market."‡ In the same session the Indian Tariff (Amendment) Act§ which, *inter alia* repealed the duties on machinery and certain cotton mill stores, was passed.

* In the four preceding revenue years, the tax yielded an average of Rs 1,05,000

† Act XXIII of 1927.

‡ Speech by Sir George Rainy in the Legislative Assembly, 15th August 1927

§ Act XXIV of 1927.

CHAPTER XIV.

Miscellaneous Measures

In respect of the cotton textile industry legislation has not been limited to the measures mentioned in the last chapter. Certain measures of some importance had as their object the advancement of the interests of the cotton industry. The Indian Cotton Committee which presented its report in 1919 called attention to the loss caused both to cotton producers and to cotton spinners and weavers by a number of abuses connected with the organization of the trade. Good cotton was mixed with inferior cotton, and adulteration was practised in a number of ways The Cotton Transport Act,* which was adopted by the Central legislature in 1923, was designed to make it possible to prevent the import of cotton, cotton waste or cotton seed into protected areas, *i.e.*, areas specified by the local Government with the approval of the local Legislative Council. Prior to the passing of the Act, various forms of cotton were transported from many parts of the country to cotton producing areas to be used for adulterating the better types of cotton grown there. The Act, which was amended in minor particulars by Act XXXIV of 1925, has had very good effects in certain districts. The Cotton Ginning and Pressing Factories Act,† which was passed in 1925, embodied a different method of attack. By enabling the cotton purchaser to trace the origin of his cotton and the gins and presses through which it had passed, it placed the industry in a position to protect itself from the malpractices of those who adulterated cotton in various ways. The measure had the support both of the cotton mill industry and of the agriculturists: but naturally it did not commend itself to many of those who came between the cultivator and the manufacturer.

The Indian Tea Cess Act, 1903 (IX of 1903), affords another example of a measure enabling an industry to practice 'self-help.' It was passed in order to provide "a fund to be expended for the promotion of the interests of the tea industry." The Committee appointed under the Act was authorized to expend the money "towards meeting the cost of such measures as the Committee may consider it advisable to take for promoting the sale and increasing the consumption in India and elsewhere of teas produced in India." The funds were provided by means of an export duty not exceeding ¼ pie per pound of tea. In 1920 the Tea Cess Committee represented to Government the desirability of expanding their propaganda work in connection with the consumption of tea in India as well as abroad, and with the approval of those engaged in the industry, the maximum rate of cess was raised to 8 annas per 100 lbs. This was effected by means of Act I of 1921. The present rate of cess is six annas per 100 lbs.; the cess has in recent years given an annual yield in the neighbour-

* Act III of 1923.
† Act XII of 1925

hood of 13 lakhs of rupees, most of which is spent in India and the United States of America. †

The Bihar and Orissa Mica Bill of 1927 represented an effort to meet difficulties of a peculiar character which had for some time formed a serious hindrance to the development of the mica industry in that province. Theft of mica had been for many years prevalent on an extensive and increasing scale; and in 1921-26 the export of mica from India was practically double the recorded output of the quantity of mica mined. The Bill proposed to meet the difficulty by providing for the licensing, under suitable restrictions, of all persons engaged in the industry either as miners or as dealers and for the preparation of proper accounts of all mica won, possessed, stored or sold. It also *sought to prescribe that no mica should be moved from a mine or from* the premises of a licensee without a pass or document signed by the licensee or his agent showing the place from which the mica was moved, its quantity and its destination. It was hoped by these provisions to prevent as far as possible transactions in mica which had been illicitly taken and to make the movement of stolen mica more easily susceptible of detection. The Bill, after being introduced in the Legislative Council, was circulated for opinion and came before the Council again in February 1928; but, although no member spoke in favour of the rejection of the Bill, the motion to refer it to a Select Committee was defeated by 42 votes to 37.

More than one official investigation has been directed to problems relating to the coal industry. The waste of coal which was known to occur in the main coalfields was responsible for the appointment in 1920 of the Coalfields Committee. An investigation previously made by an expert from England had recommended the adoption of a number of methods by which improvements could be effected, and the Committee, which included, in addition to three experts, representatives of the various interests concerned, was appointed to report what action should be taken on the recommendations made. In their report,* they found that no improvement in the wasteful methods em*ployed in the coalfields could be expected without State interference,* and they recommended the establishment of a controlling authority empowered to secure conservation and economic extraction by the regulation of both existing leases, and by the control of methods of extraction. Thus the authority would be in a position to prevent individual landowners and coalowners from adopting wasteful methods designed to secure the greatest immediate profit without regard to the future. Sand-stowing† was to be made compulsory within certain limits, compensation for the expense involved being repaid from the *proceeds or cess on all coal and coke.*

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* One member (an official) dissented.

† *i.e.*, the filling by hydraulic means of the spaces from which coal has been extracted with sand; this enables the remaining coal to be extracted and has other advantages.

These recommendations went far beyond anything previously suggested in India (except as emergency measures) in the direction of the control of an industry by the State but they received the support of the representatives of the coalowners on the Committee, who accepted the dictum that coal was a national asset and that neither landowners nor colliery proprietors should be at liberty to waste this asset without restriction But they went as the event showed, further than Government were prepared to go, and they failed to secure the general support of the industry The Government of India and the local Governments chiefly concerned were prepared to accept the most important recommendation relating to the conservation of coal by control over extraction and the Indian Mining Association agreed that it was desirable to legislate to provide for this, although they considered that any restrictions should be limited to those necessary to prevent serious waste likely to shorten materially the life of the country's coal resources and losses by fire But the Indian Mining Federation were strongly opposed to the scheme of compulsory conservation ; and in face of great differences of opinion as to the extent of India's coal resources and as to the necessity for the admittedly drastic measures advocated by the Committee, Government decided not to proceed with the main proposals.

In the meantime Government had been compelled to impose restrictions on the coal industry of an entirely different character. Prior to 1915 coal had been largely carried between Indian ports by sea routes and one effect of the War was to divert this traffic to the Indian railways. The result of this diversion, combined with the rapid expansion in the demand for coal and a reduction in the output of coal which took place in the years immediately following the War, was to impose a very heavy strain on the railways at a time when the War had left them in an unfavourable position. A large proportion of the wagon supply of the country was taken up with the traffic in coal and, in spite of this, many of the industries in India were finding it impossible to obtain sufficient coal for their requirements. Government therefore decided in July 1920, with the approval or the commercial community, to prohibit the export of coal from India except under license and to withdraw the rebate which had been allowed by the railways on bunker coal for Indian ports. The object of these measures was to increase the supply of coal available for Indian industry, both by excluding foreign competitors for that coal and by diverting coal traffic from the railways to the sea routes and so securing more wagons for the supply of coal to inland centres. And the steps taken had the approval of the commercial community. Exports were at first permitted under license on a limited scale, but by the beginning of 1921, it was found necessary to prohibit export entirely, with the exception of small supplies for public use in Ceylon, and restrictions were placed on the bunkering of coal at Indian ports. The later restrictions were removed in April 1922 and the prohibition of export was entirely withdrawn in the beginning of 1923.

about 22,000 tons being refused certificates owing to inferior quality and condition. In the financial year 1927-28 the quantity certified was 234,000 tons, about 3,000 tons being rejected. These figures indicate that the great bulk of the coal exported from Calcutta not merely to foreign ports but also to Indian ports, is certified. From 1st March 1926 the railways concerned enhanced the rebate on certified coal from 25 per cent. to 37½ per cent., but they continued to allow the rebate of 25 per cent. on coal which had not been certified. And the Port Commissioners of the Port of Calcutta agreed to the reduction of four annas per ton (*i.e.*, 50 per cent.) in river dues recommended by the Committee.

Another important reduction in railway freights on coal was made at about the same time and was designed to assist not merely the coal industry but the other industries in India and particularly those situated at a distance from the coalfields. In September 1925 the Hon'ble Lala Ramsaran Das moved a resolution in the Council of State recommending concessional rates for railway freight on coal, particularly for distances of 500 miles and over. The motion was opposed by Government on the ground that while they were anxious to reduce freights at the earliest opportunity, the immediate loss of 30 lakhs rupees annually which would be involved in the acceptance of the resolution could not be faced at that time. But the resolution was adopted by the Council. The next Railway budget disclosed a favourable position and with effect from 1st April 1926 Government decided on a reduction in freight on all coal carried more than 400 miles. The reduction was equivalent to a diminution of 10 per cent. on the existing rates and was estimated to cost 37½ lakhs of rupees per year. Government took the view that the effect of the reduction would be to cheapen production generally and that, while there might be no immediate stimulation of traffic, the railways would ultimately be benefited.*

In addition, numerous improvements were made in the methods of transport both on the railways and at the port of Calcutta. In particular, steps were taken to remedy the shortage of wagons which had

* The following figures show the effect on the foreign trade in coal of the various measures taken.—

Thousands of tons of coal (including coke)

Year.	Exported from India.	Imported into India.
1924-25	229	483
1925-26	241	402
1926-27	645	155
1927-28	635	274

been a serious handicap to industry in the earlier years of the period under review. The number of wagons was substantially increased; but the lack of adequate transport facilities was not due so much to an actual lack of wagons as to the inability of the railways to cope with the necessary traffic. The most important steps taken were the improvements effected in organization whereby better use could be made of the available wagon supply. The effect of the various reforms introduced was so marked that at the beginning of 1927 the Railway Board was vehemently attacked for having ordered too many wagons, and it was evident that orders for fresh wagons would be small for some time to come.

In consequence, firms which had taken up wagon-building were faced with a serious situation. This was an industry which had been largely stimulated by a guarantee from Government given in 1918 to purchase in India a specified number of wagons subject to certain conditions regarding price and quality. This undertaking was withdrawn in 1924 when the industry received protection; but the industry naturally remained dependent on official support, and Government entered into negotiations with a view to taking over the establishments affected Of the two companies which were exclusively engaged in manufacturing wagons and which had been formed as a result of Government guarantee, one was taken over by the Railway Board.

A large number of important changes have been introduced in connection with the organization of Indian railways since the receipt of the report of the Indian Railway Committee in 1921. Most of these lie outside the scope of this survey, although some of them are indirectly of importance to industry and the steady transfer of the management of Indian railway systems from Companies to the State has been a feature of the period under review. Mention may, however, be made of one measure recommended by that Committee which was directly related to the demands of Indian industrialists. There had been frequent complaints on the part of industrialists against various railway rates for freight and allegations had been made from time time undue preference was shown to particular interests, or that rates and conditions of freight were in themselves unreasonable. In 1926 the Government of India decided to appoint a Railway Rates Advisory Committee which was empowered to investigate and make recommendations regarding various complaints relating to railway rates and other matters relating to freights. The Committee was composed of a former member of the Governor-General's Executive Council as President, a Railway Member and a third member appointed *ad hoc* from time to time to represent the commercial interests concerned. The Committee has investigated several complaints referred to it, but the number of cases requiring its attention has been by no means so numerous as might have been expected from the amount of criticism formerly directed against railway rates

Before leaving the discussion of the efforts directed towards the stimulation of industrial activity in India, mention should be made of

an important issue which arises out of the results of these efforts. Industrial enterprise in India has been to a considerable extent dependent on the supply of capital from abroad and those responsible for providing the capital have naturally secured a large measure of control But the demand for industrialization, as has already been indicated, has been closely associated with nationalist aspirations: and as industry developed apprehension was felt in many quarters that one result of fostering industries might be to increase the power of non-Indian capitalists The ideal was an Indian industrialism, not an industrialism in India carried on and controlled by non-Indians.

This ideal was recognized in official policy before the adoption of protection as Mr (now Sir) Atul Chatterjee on behalf of Government observed in the Legislative Assembly :*

> ' The settled policy of the Government of India, as I think we have mentioned more than once in this Assembly, is that no concession should be given to any firms in regard to industries in India, unless such firms have a rupee capital, unless such firms have a proportion, at any rate, of Indian directors, and unless such firms allow facilities for Indian apprentices to be trained in their works. This has been mentioned more than once, and I can only repeat this declaration."

But with the adoption of protection the apprehension regarding the results of the continuous inflow of foreign capital was naturally strengthened. Protection in every country has derived its strongest support from the instinct of nationalism; and a tariff policy whose main result was the development of industry by non-nationals would be regarded by many protectionists as worse than useless. The question was discussed at some length by the Indian Fiscal Commission. While the majority wished to apply the conditions mentioned in the quotation above in all cases where Government granted a concession or any subsidy or bounty, the minority wished to apply the conditions in all cases where protection was granted. In the case of the grant of protection by means of bounties, there was no difficulty in applying the conditions and they were embodied in Act XIV of 1924 which provided, *inter alia*, for the grant of bounties to the steel industry. But where protection took the form of an increased tariff, the imposition of conditions such as those mentioned was obviously difficult and the minority report did not indicate precisely how the difficulty was to be overcome.

The general question was clearly one of importance and in 1924 Government appointed the External Capital Committee which was presided over by the Finance Member of the Governor-General's Council and was composed of members of the Central Legislature. The terms of reference were " to consider the question of the flow of capital into India from external sources ", and the Committee, after holding

* Legislative Assembly debates, 2nd March 1922.

a number of meetings presented its report in 1925. Their general conclusion was that the inflow of external capital was a valuable factor in assisting the economic development of India and that general measures discriminating against it or penalizing it by way of taxation or control would be definitely injurious both to the development of Indian resources and to the interests of the Indian investor. But they emphasized the importance of stimulating the flow of capital from internal sources and recommended that in the case of loans preference should be granted to the Indian investor. They also recommended that, where investment carried with it the control of an undertaking, the conditions to which reference has already been made should be applied provided that discrimination was feasible. But they considered that where a general concession was given, *e.g.*, by means of a tariff, it was impracticable to effect any discrimination. After referring to numerous suggestions designed to prevent the foreign investor from securing an undue benefit or an undue measure of control, they observed :—

> "All these nebulous suggestions for penal taxation or licenses suffer from the same defect. As the entry of external capital into India is at present determined by free market conditions, there is not, as is crudely supposed by some a definite amount of external capital which must find investment in India, whatever the return India may choose to give it. The world supply of capital has been materially diminished by the war, and the demand for it is keen. There is also evidence that in recent years there has been a definite tendency for external capital to become increasingly shy of seeking outlets in India. Discriminatory taxation would have a far wider influence in restricting the flow of future capital into India than its mere pecuniary effects. There would be the fear of future developments on the same lines, and as the largest amount of external capital which comes into India at present is probably the reinvestment of past profits and the replacement of the depreciation of previously invested capital, the former would be removed and the latter neglected for a higher immediate return. Nothing could be more disastrous to the industrial development of India than measures which would scare away the external capital invested in it or prevent the local investment of its profits."

CHAPTER XV.

Labour Questions.

(a) *Introductory.*

The doctrines of *laissez faire* which until the War had influenced powerfully the attitude of Government in respect of assistance to industry exercised scarcely less influence over Government policy in respect

of the protection of labour. And the industrialists who led the demand for a change of attitude towards industry were naturally less ready to criticize the accepted policy when it was applied to labour. They were, indeed, quite prepared on occasions to base their opposition to " interference " with their employees on the very principles to whose application in another direction they were so strongly opposed. Labour was equally unrepresented in official councils and non-official congress and prior to the War there was no substantial section of articulate public opinion which was prepared to attack, on behalf of labour, the accepted view. And on the rare occasions when labour measures were put forward, the official proposals usually evoked vehement opposition from industrialists and little support from any other section of the community.

It is not surprising therefore that Government seldom felt called upon to take action in respect of labour. The first attempts to " regulate " labour consisted of enactments such as the earlier Assam Labour Acts, the Workmen's Breach of Contract Act of 1859, and the Employers' and Workmen's (Disputes) Act of 1860. At this stage the main anxiety of Government seems to have been to protect the social system from the workmen, rather than to protect workmen from the social system. All these rendered workmen liable to criminal penalties for breach of contract and the Indian Penal Code of 1860 also contained provisions of this character. At a later date, the obvious abuses connected with child labour in factories were mainly responsible for the passing of Factories Acts in 1881 and 1891; the latter Act also embodied the principle of the prohibition of night work for women and limited their daily hours. The first Mines Act was passed in 1901, but it did not attempt to regulate hours, and it was not until 1924 that any restriction was placed on the age at which children might be employed, or on the hours for which they might be worked. The introduction of [illegible] ing shortage of labour [illegible] by 1905, when public [illegible] by the efforts of the [illegible] the Bombay cotton mills were worked for 14½ hours a day and in most of the textile mills throughout the country hours ranged between 13½ and 15 hours. But it was not until 1911, after investigations by two Commissions, that a new Factories Act was passed into law. The most keenly contested provision of this Act was a clause limiting the hours of adult workmen in textile mills to 12 daily.

At this stage labour legislation virtually remained until the reforms, except for small changes in the law relating to breaches of contract by workmen. The provisions for criminal punishment of breaches of contract under the Assam Labour and Emigration Act were finally withdrawn by notification in 1915* when the Act was amended in minor respects; but the Workmen's Breach of Contract Act remained in force in Assam and elsewhere. Government agreed in 1920 to modify this

* From four districts in 1908 and from the remainder [illegible]

Act in some respects in favour of the workman, but they were not prepared to accept the views of the small but growing section which demanded its repeal.

Apart from these infrequent legislative efforts, labour received little attention from the State. Staffs were maintained for the inspection necessitated by the Factories Act and the Mines Act; but there were no Government departments or offices dealing with labour questions generally, and such questions seldom came into prominence either in the legislatures or elsewhere. The complaints of employers regarding shortage of labour were responsible for an official enquiry into the subject in Cawnpore in 1905; but employers did not as a rule desire any official action in respect of labour, labour itself was inarticulate and the general public took little interest in the subject.

But the years immediately following the end of the war saw a great change. Prices had risen substantially and continued to rise and as wages generally rose more slowly, the worker found that his real income had diminished On the other hand, employers in the leading industries were receiving phenomenal profits. At the same time the expansion of industry resulting from the war had increased the demand for labour Finally, the ferment of the war had awakened labour in the cities from its accustomed passivity, and it showed a readiness to organize that was previously lacking All the conditions, therefore, were favourable for a demand for higher wages and better conditions. A few strikes were quickly successful and the strike leapt into recognition as a powerful weapon; indeed, to many workmen its rapid and almost unvarying success made it seem almost infallible. The result was an epidemic of industrial strife which first became marked in the winter of 1919-20 and reached a climax in the following winter. And the new attitude of labour was both reflected in and stimulated by the beginnings of a re [illegible] h [illegible] cr [illegible] increased wages to compensate for the great rise in prices which had taken place, there was also a general demand for better conditions of work. For example, in several important centres the strikers had demanded and had succeeded in securing a sixty-hours week. Some of the more influential employers were strong advocates of further regulation; while there was an increasing general recognition of the fact that satisfactory labour conditions were a stimulus and not a handicap to industrial progress The presentation in March 1920 of a memorial to the Viceroy by the Bombay Millowners asking for the statutory reduction of hours from 12 to 10 in the mills throughout India was symptomatic of the new outlook.

(b) Labour and the Reforms.

The altered situation was reflected in the constitutional changes, in the organization of Government and in the attitude of the legisla-

tures, and particularly the Central legislature. Questions affecting labour received little attention in the Montagu-Chelmsford Report; and in the illustrated list of subjects appended to the Report all the labour subjects were shown as provincial reserved subjects. Even inter-provincial migration was so shown although in this case it was expressly indicated that it was to be administered subject to the control of the Government of India But the authors of the report indicated the probability of an expansion of the relations of the State and labour, for they included in their list of subjects several subjects hitherto unknown to Indian administration such as accident insurance, industrial health insurance and labour exchanges. The Functions Committee varied these suggestions considerably. In the first place, they transferred inter-provincial migration and the regulation of mines to the list of all-India subjects, observing, as regards the latter subject, that it would be impossible without great extravagance and loss of efficiency for each province to have its own expert staff. And while they included other labour matters under the provincial reserved head, they provided that factories, the settlement of labour disputes and boilers would be subject to all-India legislation. This proviso was not applied to a division of the subject, which though new to India, was equally important, *viz.*, "welfare of labour (including provident funds, industrial insurance, general health and accident) and housing".

The Government of India at first suggested no modification in these proposals, and when the lists of subjects were revised by a Reforms Committee in the India Office for submission to the Joint Select Committee on the Government of India Bill, the subjects in question appeared unaltered. But when the Government of India forwarded for the Secretary of State's sanction about a year later the draft rules for the classification of subjects, they proposed to make "the welfare of labour", with all that had been included under that head, subject to all-India legislation and this proposal was accepted and embodied in the final rules. The decision was one of some importance as it would have been impossible, if the proposals of the Functions Committee had been accepted, for the Central Legislature to legislate on such subjects as Workmen's Compensation and Trade Unions.

The Reforms provided for the first time for some representation of labour in the legislatures. The Franchise Committee had suggested the filling of single seats by nominated labour representatives in four Legislative Councils. Following a suggestion made by the Joint Select Committee on the Government of India Bill, the Government of India gave further examination to the question of securing better representation to the urban wage-earning class, and proposed the creation of a special constituency of factory workers in Calcutta, while in Bombay workers in textile factories were to be specially enfranchised and included in city constituencies. These proposals were rejected by the Joint Select Committee on the Draft Rules made under the Government of India Act in favour of a system of nomination. Two seats were allotted to nominated labour representatives in the Bengal Legislative Council and

one seat in each of the Councils of Bombay, Bihar and Orissa and Assam. With the introduction of the reforms into Burma, a nominated seat was assigned to labour in that province. No seats were specifically allotted to labour representatives in the Central legislature, but a labour representative has occupied a nominated seat in the Legislative Assembly throughout its existence.

Following the discussion of the Reforms Enquiry Committee's Report, further representation was given to labour by nomination in 1926. Two additional seats were allotted to labour in the Bombay Legislative Council and single seats were given in the Punjab and Central Provinces Councils, bringing the total number of provincial seats up to 10. Since then the Madras and the United Provinces Councils have been the only ones without labour representation.*

(c) *The International Labour Organization.*

The decision to make subjects concerning the welfare of labour subject to central legislation was influenced by the emergence of a new factor in the situation. Forty years before, when the first Factories Act was under consideration, one of the questions at issue was whether that legislation should be applicable to all India or only to particular provinces, and the decision to make legislation uniform was based on the view that it would be unfair to subject industrialists in one province to restrictions which were not applicable to their rivals in another, and that if it were left to the provinces to legislate, a simultaneous advance would be very difficult to secure With the economic unification of the world which resulted from the improvement of communications and the organization of markets, similar considerations became applicable in the international sphere and at the close of the war, it was widely held that if the conditions of labour throughout the world were to be substantially improved, some organization was necessary in order to secure a simultaneous international advance. The recognition of this view found expression in the Treaty of Varsailles which involved the, acceptance by its signatories of a new standard of policy in respect of labour matters and which, by setting up the International Labour Organization, provided an important influence for the working out of that policy. The first International Labour Conference met at Washington in the autumn of 1919 and it was evident that the deliberations, to which representatives from India had made an influential contribution, would necessitate a fairly wide review of the position in India in respect of labour legislation. The International Labour Conference cannot compel countries to accept its conclusions, but its procedure and the fact that its Conventions and Recommendations have ordinarily to be submitted to the legislature in each country ensures the regular examination, both by the executive Government and by popular representatives, of numerous schemes for the amelioration of labour conditions. Ten sessions of

* In both these Councils the depressed classes are represented : in Madras in particular, they have been allotted ten seats.

International Labour Conferences were held between 1919 and 1927 and the submission at intervals of conclusions reached by the Conference to the Legislative Assembly and the Council of State has been instrumental in stimulating public interest in labour questions and at times in initiating measures which might not otherwise have been adopted.

Almost immediately after its inauguration, the reformed Central Legislature was called upon to consider the conclusions reached at the Washington Conference. In February 1921 a series of Government resolutions was introduced in the Legislative Assembly urging the acceptance of most of the important proposals made at Washington. These included the imposition of a weekly limit of 60 hours on the employment of industrial labour, the prohibition of night work by women and young persons in factories, and the raising of the minimum age* for industrial employment to 12. The debates on the resolutions relating to these and the other proposals were significant. Nearly all the proposals were carried without a dissentient voice and the only question which aroused a controversy was the proposal to raise the minimum age of employment to 12. Here all were agreed that an advance was necessary, but a substantial section of the Assembly desired to fix the age at 11 and was defeated by a small majority. In the Council of State the debates gave the same results. The course of these and subsequent debates made it clear that the reforms had brought to the Legislature for the first time a substantial section of non-officials who were in favour of further protection for labour and who were anxious to voice the growing interest of public opinion in question of social welfare.

Numerous other subjects have been raised by debates on Draft Conventions and Recommendations adopted by subsequent sessions of the International Labour Conference. The Conventions so far ratified are the following:—

Convention limiting the hours of work in industrial undertakings.

Convention concerning unemployment.

Convention concerning employment of women during the night.

Convention concerning the night work of young persons employed in industry.

Convention concerning the rights of association and combination of agricultural workers.

Convention concerning the application of the weekly rest in industrial undertakings.

Convention fixing the minimum age for the admission of young persons to employment as trimmers and stokers.

Convention concerning the compulsory medical examination of children and young persons employed at sea.

* The age in factories had remained at 9 since 1891. In mines and other branches of industrial employment no age limit was in force.

Convention concerning workmen's compensation for occupational diseases.

Convention concerning equality of treatment for national and foreign workers as regards workmen's compensation for accidents.

Convention concerning the simplification of the inspection of emigrants on board ship.

In some other cases where Conventions have not been ratified, action has been taken on them. Thus the Convention fixing the minimum age for admission of children to employment was not ratified owing to the impossibility of ratifying these Conventions with even a minor reservation; but the main principle of the Convention was adopted and applied by legislation to factories, mines and ports. And the consideration by the Legislature of the Draft Convention for establishing facilities for finding employment for seamen led to the appointment of a Seamen's Recruitment Committee which investigated the conditions under which seamen were recruited at Calcutta and Bombay. The inquiry revealed the existence of serious abuses at Calcutta and was followed by administrative changes which have produced satisfactory results.

(d) *Intelligence and investigations.*

The increased prominence of labour questions was recognized by the appointment by the local Governments in 1920 of a Commissioner of Labour with a small office in Madras and a Labour Intelligence Officer in Bengal. In the same year a Labour Bureau was established by the Government of India. These offices dealt for the most part with questions affecting labour which demanded the attention of their Governments, and they were not equipped for systematic investigations of any size. A Board of Economic Enquiry, consisting of officials and non-officials, was set up by the Punjab Government in the same year; but its published investigations have not included any inquiries of importance relating to industrial labour. In 1921, the Bombay Government set up a Labour Office, which was equipped for extensive inquiries, and this office has to its credit most of the statistical research into labour conditions done since that date.

But an endeavour was made by the Government of India to stimulate the collection of systematic information relating to industrial labour throughout India. In respect of factories and mines, detailed statistical material had been published annually for a number of years; and from the beginning of 1921 arrangements were made for the collection of particulars regarding strikes and lock-outs throughout India. The results have been published quarterly since then. At the same time, the Government of India took up the questions of constructing cost-of-living index numbers for the working classes and of conducting a census of industrial wages. After a Conference attended by several experts at the beginning of 1921 they addressed local Governments on the sub-

ject of index-numbers At this time they had the hope of constructing an all-India figure; they proposed the collection of family budgets throughout India and, as the existing statistics of prices were not sufficiently reliable, they suggested the appointment of a special staff for the collection of prices in each province. They recognized the possibility of constructing index numbers by the aggregate expenditure method* but cast doubts on the appropriateness of this method as applied to India, and suggested that, while it might be used in the first instance, the results should be checked by a collection of family budgets

The proposals met with a varying response. The majority of local Governments were willing to co-operate, but this majority did not include the most important industrial province, Bengal, where financial stringency was already making itself felt. And the investigations made led the Government of India to the conclusion that the construction of an all-India index figure should not be undertaken. In Bombay the Labour Office established in April 1921 published at once an index number based on the aggregate expenditure method, and although at a later date family budgets were collected in Bombay and an index-number was constructed on the basis of these, the figures published by the local Government is still framed on the method originally adopted. In the United Provinces, a number of budgets were collected at Cawnpore but the results did not appear to the local Government to form an adequate foundation for the maintenance of a regular index number. Index numbers were framed and have been regularly published for six centres in Bihar and Orissa. More recently the Government of the Central [illegible] necessary for the main- [illegible] while the Bombay Labour [illegible] on of a number of working-class budgets in Sholapur. The most extensive investigation into the cost of living of the working classes is that made in Rangoon by the Labour Statistics Bureau which was established by the Government of Burma in 1926. The inquiry was conducted into the standard and cost of living of the working classes in Rangoon, and the report which was published in 1928, was based on the collection of over 4,000 family budgets. The cost of living was analysed in detail for Burmese, Madrasi and Uriya, Hindustani and Chittagonian employees; separate index-numbers have been worked out for each class.

The scheme for a census of industrial wages was never carried through. Proposals were formulated in March 1921 at a conference attended by ten non-official members of the Central Legislature, including several prominent industrialists, and a number of forms were prepared and distributed, while the Government of India made arrangements for the employment of a special staff for the compilation of the returns. But, except in Bombay, nothing was accomplished. The need for retrench-

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ment in both the Central and Provincial Governments prevented the initiation of the census on a scale sufficiently adequate to produce reliable results; efforts were made in a few provinces to collect returns, but the absence of an expert and interested staff and of any statutory powers made the results negligible. In the Central Government the need for ecc [illegible]
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Committee, of the Labour Bureau in the Government of India. It had been intended to act as a bureau for the collection of information; but the needs of the period resulted in its attention being devoted mainly to labour legislation; its existence coincided with a period of phenomenal activity in this direction.

In the Bombay Presidency alone, some results were achieved. Here the Labour Office, with the co-operation of the cotton millowners, carried through a census of wages for the cotton textile industry in 1921; a second census was taken in 1923. Another inquiry into wages conducted by the same office related to agricultural labour in the Bombay Presidency. The Bombay Labour Office has also conducted a number of investigations in other directions, including the compilation of information relating to the deductions made from wages by way of fines. And this office, among its other activities, has been responsible for the publication monthly since 1921 of the *Labour Gazette*, which has supplied information on questions concerning labour in the Bombay Presidency and India generally to a wide public.

One inquiry of some importance relating to the cotton textile industry was instituted by the Central Government in 1921. The question of ventilation and humidification in cotton mills had been a perplexing problem for many years. The requirements of the industry necessitate in most centres the artificial maintenance of a humid atmosphere for a large part of the year and it had proved impossible in such circumstances to devise standards of ventilation satisfactory both for the operatives and the working processes. The investigation which was conducted by Mr. T. Maloney, an expert brought from England, had as its objects—

(1) to obtain accurate observations regarding the method of humidification and ventilation employed in cotton mills and their effect on working conditions; and

(2) to evolve recommendations designed to effect a marked amelioration in conditions without detriment to that industry.

The results of the detailed inquiries conducted in all the important centres of the industry were published in 1923; their technical character makes it impossible to summarise them in a sentence or two, but it may be stated that they involved the adoption of standards of an entirely new character and offered the promise of a definite solution of the difficulties. They have been followed by further investigations conducted by Provincial Governments and directed towards the devising of satis-

factory rules under the Factories Act, and in some provinces rules regulating humidification have since been promulgated.

Another inquiry during the same period undertaken in consequence of a resolution adopted by the Washington Labour Conference related to the possibility of introducing a scheme for compulsory maternity benefits, but the results indicated that the adoption of any comprehensive scheme was impracticable, and a report was submitted to the International Labour Conference of 1923. In 1921 an official investigation was made by two medical women into conditions of women's labour in Bombay City and the leading industries of Bengal; the results of the latter inquiry were published in one of the *Bulletins of Indian Industries and Labour.* Other bulletins in this series have dealt with such subjects as factory legislation, the exclusion of women from mines, the provision of maternity benefits by employers in India and periods of wage-payment, and have made available to the public accounts, with special reference to India, of International Labour Conferences, and the decisions of these Conferences.

(e) Housing.

The subject of "housing" was included in the labour subjects specified under the main industrial head in the Devolution Rules. But except in Bombay, the activity of Government in respect of the provision of housing for industrial workers has been practically confined to the provision of houses for a number of their own employees. In some cases Improvement Trusts have been instrumental in providing housing accommodation; but their activity has not been directed particularly towards industrial labour. In Bombay, the housing of labour had for long been a grave problem, and after the War the conditions became even worse than they had been previously. This led the Bombay Government to undertake an industrial housing scheme, which was organized along with other schemes for the development of the City of Bombay. The scheme was based on an estimate of the actual shortage of accommodation framed in 1919, and the original programme provided for the construction of tenements containing 50,000 single rooms. But the

in tenements of 80 rooms each situated on healthy sites and were well provided with open spaces.

The rent of the rooms necessary to provide for their maintenance and give an adequate return on the capital invested has been estimated at about Rs. 16 each per month, a figure far beyond the sum which the average working man in Bombay is capable of paying. In practice the rooms have been offered at figures representing, on an average, less than half that sum; but even the reduced rents are considerably in excess of the amounts which the mill operative is prepared to pay. In Worli in particular, where more than half the new tenements are situ-

ated, nearly two-thirds of the tenements had not been brought into use in 1927, although the rents had been fixed as low as Rs. 5 per room.

Large employers of labour and private individuals acting on behalf of any community or section of the public have been given the opportunity of leasing whole tenements at concession rates representing about 80 per cent. of the total rentals demanded from individual tenants for the same accommodation, and by 1927 five tenements had been taken up on these terms by the B., B. and C. I. Railway. Others have been utilized by Government and the Municipality of Bombay; but the total number of occupants who can be regarded as industrial workers is a comparatively small fraction of the industrial population of Bombay.

(f) Industrial disputes.

The prevalence of industrial unrest in 1920 naturally led to the exploration of methods for the settlement of disputes. The Madras Government took the initiative in the appointment in 1919 and 1920 of courts of inquiry into several strikes. These courts were composed of three members, one selected by each of the parties and a chairman nominated by Government or by the Commissioner of Labour, and they had some success. A committee similarly constituted by the Government of Burma was successful in securing the settlement of a dispute in the same year. And the Government of India addressed local Governments on the subject of legislation for the settlement of strikes, calling attention especially to the Industrial Courts Act which had been passed in England in the preceding year. They suggested that owing to the lack of labour organization machinery similar to that provided in the Industrial Courts Act could not operate and that a standing Industrial Court for all-India would probably prove impracticable; but they thought that local legislation of an experimental character might prove possible. The Government of Madras decided to examine the possibility of local legislation on different lines; but the general trend of the replies was against legislation in any form and the Government of India let the matter rest for some time.

But in the meantime public opinion had become deeply exercised over the question. The great epidemic of short-lived and successful strikes was followed by a perio[illegible]
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The demand for official action became fairly vigorous and, following resolutions in the local Legislative Councils, Committees to enquire into the question of the settlement of industrial disputes were appointed by the Government of Bengal in March 1921 and by the Government of Bombay in November 1921.

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the importance of developing Works Committees as a means of preventing industrial strife. The Government of India had at an earlier date directed public attention to this question, and they established committees in some of their own establishments. In the Government of India printing presses, where Committees were established about this time, they are still functioning, and have proved of some value. But, while a few private employers adopted the idea, the movement did not develop. The Bombay Committee recommended legislation for the establishment of Courts of Enquiry when required, and appended the abstract of a draft bill to their report. The subsequent developments in the direction of legislation are given in the next chapter; but by the end of 1928 no legislation on the subject was in force.

But this has not prevented local Governments or their officers from participating in the settlement of trade disputes on a number of occasions. Following the report of the Bengal Committee, a panel was appointed in Bengal, and on one occasion the appointment of a conciliation board led to the end of a strike on a light railway. Committees of enquiry were appointed by the local Government for two other dis-
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1926 the Commissioner of Labour, Madras, arbitrated in a dispute between the employees in a railway workshop and the railway administration In two strikes affecting all the Cotton Mills in Bombay City, the local Government appointed committees of three members. In 1924 a committee over which the Chief Justice of the Bombay High Court presided, gave findings on certain questions on facts referred to it, and its findings were largely instrumental in bringing to a close a strike which lasted for about three months. And in 1928 a strike in the same mills which lasted from April to October was ended by the appointment of a committee, with a High Court Judge as Chairman, to report on the demands of the parties. In a considerable number of other cases, various officers have played an active part in securing the settlement of disputes by advising the parties and bringing them together or suggesting terms of settlement.

CHAPTER XVI.

Labour Legislation.

(a) *Factories.*

The debates in the Central Legislature on the resolutions relating to the decisions of the Washington Labour Conference determined several of the more important features of the Factories Bill which was introduced in the Legislative Assembly in March 1921. But the provisions of the

Bill were by no means confined to the changes necessary to fulfil the requirements of the Washington Coventions. In form a Bill amending the Factories Act of 1911, it contained clauses revising and superseding most of the important provisions of that Act. It provided for a sixty-hours' week in factories, for the limitation of daily hours for men to twelve, *for further limitations on children's hours, for longer rest intervals and for the raising of the minimum age of children and adults from 9 to 12 and from 14 to 15 respectively. In addition it included a number of new provisions relating to health, safety and the certification of children, and provided more stringent penalties for contraventions of the law. At the same time it proposed to repeal the existing restrictions on the employment of machinery in textile factories. An important feature of the Bill consisted of the provisions relating to exceptions and exemptions. The old Act contained numerous provisions relaxing on various grounds even its more important principles. For example, although one section prohibited night work for women, another made it possible for women to be worked at night in cotton ginning factories, a class of factories in which, as the investigations of the Indian Cotton Committee and factory inspectors showed, conditions were particularly unsatisfactory. And while several classes of factories were excluded by definition from the operation of the Act others were expressly excluded from important provisions and local Governments had wide powers in respect of the grant of further dispensations. Under the Bill the power to grant exemptions was limited to cases satisfying stated principles; the principles were modelled on Conventions adopted at the Washington Conference, where these were applicable.

The Bill also enlarged the definition of factory substantially. The Act of 1911 applied ordinarily only to factories in which mechanical power was used, and not less than 100 persons were employed; local Governments could notify as factories establishments employing not less than 50 persons, provided that mechanical power was used. The Bill provided for the inclusion of all factories employing not less than 20 persons and using mechanical power. Local Governments were to be empowered to bring within the scope of the Act by notification factories employing not less than 10 persons, whether they employed mechanical power or not.

The Bill went through a Joint Select Committee of both Chambers which made few changes of importance; the chief alteration was the reduction of the daily limit of hours for men from 12 to 11. It was passed in January 1922, and, as Act II of 1922, came into force in the following July. A few further amendments of a minor character were embodied in another Factories Amendment Act† passed in the following year.

A third Act‡ amending the Factories Act was passed by the Indian Legislature in 1926. This Act was of a somewhat different character

* Women's hours had been limited to eleven since 1892 and men's hours, in textile factories only, to twelve since 1912.

† Act IX of 1923

‡ Act XXVI of 1926.

from the 1922 Act. The 1922 Act represented a comprehensive reform of the main features of Indian factory legislation; the 1926 Act affected none of the principles adopted in 1922, but it introduced a number of changes of detail designed to secure the smoother and more efficient administration of the Act It was based almost entirely on proposals framed at a Conference of Chief Inspectors of Factories convened by the Government of India in 1924, which brought to light a number of possible improvements in the law. Amendments were made in many sections; the more important of these were the provisions introducing a new section providing for the punishment of parents and guardians who allowed children to be employed in two mills on the same day, the changes made in the law in respect of rest-intervals and the alterations effected in the sections governing the grant of exemptions. A proposal designed to prevent excessive temperatures in factories was deleted by a majority in Select Committee.

The Acts have been supplemented by new sets of factories rules in all provinces, and by a number of notifications granting exemptions in cases satisfying the conditions prescribed by the law. The effect of the Acts of 1922, 1923 and 1926, and of the orders issued thereunder has been that little but the shell of the Act of 1911 remains; the Reforms have seen the introduction of a new and radically different factory code. At the same time the number of factories subject to the Act has greatly increased. In 1920, the number was 3,804; by 1927 it had risen to 7,515. A considerable part of this increase is due to the inclusion of the smaller factories which were not subject to the earlier Act, but much of it is due to the steady advance of industry. In no year since 1892 (when accurate records were first kept) has the number of operatives employed failed to show an increase, and in only one year did the number of registered factories decline. Along with this there has been a steady increase in the complexity of the processes involved.

The result of all these changes has been to add greatly to the task of administering the Act. The standard of administration has always varied from province to province; as early as 1907, these variations attracted attention and the Indian Factory Commission framed proposals designed to secure greater uniformity. But these were not accepted and with the introduction of the reforms and the greater independence enjoyed by local Governments, the standards of administration have, if anything, shown wider variations than before. In some provinces prosecutions for infringements of the Act have been infrequent; in one province at the introduction of the reforms, a policy of avoiding prosecutions was deliberately adopted. The local Government commenting on the annual factories report observed :—

"A novel feature of the report is the entire absence of prosecutions. Owners were given a reasonable time to make up deficiencies revealed by inspections, and this course has proved satisfactory in every case. The absence of friction is one of the most important objects to be attained in the Adminis-

tration of the Act, and the Governor in Council hopes that it will be possible to continue the present policy".

But these hopes were not fulfilled and there was a prompt return in this case to more orthodox methods of administration. On the other hand, in the more important industrial provinces the administration of the Act has received a large amount of attention and, although the staff has not everywhere been adequate, the standards of administration generally have been more than maintained. The staff employed wholly or mainly on the inspection of factories has been practically doubled in strength between 1921 and 1928.

(b) *Mines.*

The passing of the Factories Act of 1922 was followed in September 1922 by the introduction of the new Mines Bill. The existing Mines Act dated from 1901 and it was in many respects obsolete. It contained a number of provisions designed to secure safety in mines and it provided for the maintenance of an inspecting staff, but it contained no provisions regulating the employment of labour. A clause enabling Government to prohibit or restrict the employment of women or children either below ground or on hazardous kinds of labour had not been utilized, and labour in the mines was subject to no restrictions in respect of hours, holidays, etc., other than those imposed by the owners' discretion and the miners' dislike of continuous toil. Further, the Act gave collateral authority in most respects to the Government of India and to local Governments and the new constitution, which made the subject central, would have necessitated its revision even if stronger reasons had not rendered this an urgent matter.

The new Bill, in addition to containing revised provisions relating to those matters which came within the scope of the old Act, contained a chapter relating to hours of employment. This provided for a weekly holiday, for the limitation of hours of adults above ground to 60 weekly and below ground to 54 and for the complete prohibition of the employment, whether below or above ground, of persons under 13 years of age. The Bill also provided for the demarcation of functions between the Central and Provincial Governments; the power to make regulations for more important matters was generally reserved to the Government of India, but it was proposed to give to local Governments the power to prohibit or restrict the employment of women either above or below ground or on particular kinds of labour.

The Bill, after being circulated for opinions, was considered by a Joint Select Committee of both Chambers at the beginning of 1923. The most important question which came before them was that of the exclusion of women from mines. Government had for over 20 years possessed the power to prohibit the employment of women underground; but the extent to which coal mining in particular depended on women's labour had stood in the way of action, and the development of the industry which had steadily added to the female labour force, had steadily

increased the difficulties in the way. The Committee observed that immediate exclusion was impracticable and that employers must be given time to make the adjustments which the exclusion of women would involve. They amended the Bill so as to provide that the power to exclude women should rest with the Government of India and not with local Governments, and added

"We desire, however, to place on record a recommendation that the question of the employment of women below ground in mines should be taken up at a very early date with local Governments with a view to prohibiting such employment either in all mines or in particular classes of mines at the end of a specified period, which we think should be about five years".

The Bill was passed by the Legislative Assembly in January 1923 and by the Council of State in the following month without further amendments. A considerable amount of discussion took place in the Assembly over a proposal to impose a daily limit on hours of work. Labour in the coalfields has always been extremely irregular in its attendance and many of the miners were in the habit of working only a few days in the week and of spending long continuous periods underground. The Coalfields Committee had investigated the possibility of introducing a compulsory shift system which would have operated as an automatic restriction on the daily hours of work, but they came to the conclusion that the enforcement of such a system in existing conditions would be premature. The Assembly rejected the proposal for a daily limit after Government had indicated that they would make a reference to local Governments regarding the possibility of introducing a statutory system of shifts. The Bill was passed into law as Act IV of 1923 and came into force from July of the following year. The Act was supplemented by a long series of revised regulations promulgated in 1926.

After the Bill was passed, the Government of India consulted local Governments on the two important questions which had been raised in connection with it, *viz.*, the exclusion of women from mines and the introduction of a statutory system of shifts. In connection with the former question, they put forward for consideration the proposal that prohibition might take effect at a specified date, *e.g.*, five years after the coming into force of the new Act, and they suggested that prohibition should be limited to work underground. As regards the shift system, they suggested that, to begin with, the day might be divided into two shifts of 12 hours each, and added that the Government of India were inclined to the view that, as the labourers become used to the stricter regulation of hours which a shift system postulates, the time would come when a shorter working day with definite rest intervals would have to be imposed.

In respect of the exclusion of women from mines, the replies received were discouraging. Support was forthcoming for the proposal from those provinces in which, owing to the paucity of mines or the small proportion of women employed, the effects were not likely to be

serious; but in the main coal areas, where the bulk of the women were employed, there was vigorous opposition and the three Governments chiefly concerned (Bengal, Bihar and Orissa and the Central Provinces) were agreed that it was premature to take any positive steps towards exclusion. There was, it is true, fairly general recognition of the desirability and, indeed, inevitability of the exclusion of women at some future date; but there was strong opposition to the fixing of a date and an almost entire absence of constructive proposals.

The question was re-examined by the Government of India in consultation with the Standing Advisory Committee of the Indian Legislature attached to the Department of Industries and Labour in 1925 and 1926. The general conclusion reached was that it was impracticable in the main coalfields to attempt the wholesale exclusion of women on any specified date and that the adoption of gradual methods was essential. *Accordingly in 1927 the Government of India put before* the Mining Boards and the Provincial Governments mainly concerned fresh proposals, involving the exclusion of women from coal mines in Bengal, Bihar and Orissa and the Cent [illegible] that the number of women employed un [illegible] be a gradually diminishing percentage of [illegible] women being finally excluded altogether by the middle of 1935. In other mines, women were to be prohibited from working underground as soon as the regulations came into force.

After receiving the opinions of the local Governments and Associations most directly concerned on these proposals, the Government of India finally published for criticism a revised series of regulations in June 1928. These followed, in the main principles, the regulations previously drafted, but the period of gradual exclusion was extended to seven years. The effect of the regulations, if finally promulgated in their present form, will be that the exclusion of women from underground work in the main coalfields and in the Punjab Salt Mines will be complete by April 1939, while in all other mines prohibition will become effective on 1st April 1929.

The proposals for a compulsory system of shifts in mines, though not at first acceptable to the industry generally, met with the approval of the local Governments mainly concerned, and the Government of India introduced a Bill to amend the Mines Act in the Legislative Assembly in March 1927. The main clauses of the Bill made it compulsory for mineowners who open their mines for work for more than 12 hours in any day to distribute their workers in shifts, so arranged that they do not overlap and that no shifts can be employed for more than 12 hours out of 24. The object was not the reduction of average hours of work in mines, for the weekly limits already secured this end; they prevented, for example, miners underground from working on an average more than 9 hours a day. The real purpose of the Bill was to enforce more regular working and to prevent miners from spending long hours underground in intermittent work. The Bill, on being circulated, met with a large measure of support and it was passed through

both Chambers of the Indian Legislature during 1928. The fixing of the limit for the shift at 12 hours naturally evoked some criticism; but the only convenient alternative would have been eight hours. And while proposals were made in the Legislative Assembly for the introduction of a compulsory 8 hours day, they were not accepted by the House. The Select Committee of the Assembly recorded their agreement with the view that the eight hours should be gradually worked up to and suggested that Government should re-examine the position in this respect after the Bill had been in force for three years. The main provisions of the Act* will not come into force until April 1930.

The administration of the Mines Act, unlike that of the Factories Act, is mainly a function of the Central Government, and the inspecting staff is maintained by the Government of India. The number of mines subject to the operation of the Act increased from 1,716 in 1920 to 1,992 in 1927; the greater complexity of the law and the development of mining methods have added substantially to the task of the inspecting staff.

(c) *Workmen's Compensation.*

The question of framing a Workmen's Compensation Bill was taken up by the Government of India at the end of 1920 and in 1921 public opinion was invited on the main questions involved. The advisability of legislation was accepted by the great majority of local Governments and of employers and workers' associations, but it was generally recognized that the special conditions of India made it peculiarly difficult to devise a satisfactory measure. Industrial labour in India is drawn to a large extent from areas lying at long distances from the centres of industry; and the majority of industrial workers still retain their interest in the villages from which they come. Their dependents are frequently left behind there and they return to the villages when circumstances permit, and hope to return permanently after a few years in an industrial occupation. To the difficulties which this factor created in devising a practicable system of workmen's compensation were added difficulties from the comparative paucity of medical men and the illiteracy and ignorance of the workmen. And there was the obvious danger that, unless unusual precautions were taken, the tendency to litigation, which is strong even among the poorer classes, would go far to nullify any benefits the Act might confer.

In order that the question might be fully examined in the light of all the factors involved, it was referred to a small committee which met in Simla in June 1922. This committee, which was composed for the most part of members of the Central Legislature, included a few prominent employers and labour leaders together with medical and insurance experts and drew up detailed recommendations for the framing of a Bill. These recommendations were generally accepted by the Government of India and a Workmen's Compensation Bill was introduced in the Legislative Assembly in September 1922.

* Act XIII of 1928.

The measure followed the British Act in its main principles and in some of its details, but it contained a large number of provisions designed to meet the special conditions of India. Its most striking feature, possibly, was its rigidity. An endeavour was made to frame an Act in which, in as many cases as possible the liability to compensation, the amount of compensation and the persons to whom compensation was payable were determined by the law itself and could not be varied by any tribunal. The result necessarily was to make the measure somewhat arbitrary in its operation in special cases; but it was felt that this was infinitely preferable to leaving matters of importance to the judgment of tribunals and, in consequence, encouraging the tendency to litigation. In respect of the tribunals set up to decide disputes the Act followed the American models in preference to the British model, and special commissioners were appointed with wide powers where required; and although provision was made for appeals to the High Court, the right to appeal was severely limited.

The measure was introduced in the Legislative Assembly in September 1922 and was referred to a Joint Select Committee of both Houses which met in the following January in order to give an opportunity for public criticism of the Bill. The Committee, in addition to making a number of modifications in the details of the Bill, made one change of importance. The original Bill, in addition to making provision for workmen's compensation, contained a chapter defining and modifying in favour of the workmen the ordinary civil law in respect of employers' liability. These provisions were eliminated by the committee who were not satisfied that they were required; and the Bill was thus confined to a Bill for workmen's compensation. The Bill as amended passed through both Chambers without any further amendments of substantial importance. The Bill which as Act VIII of 1923 became law in March 1923, came into force in July of the following year.

The Act applied in the first instance to workers in factories, mines and ports, to those engaged on the railways and in the more organized branches of the building trades and to several smaller classes of workmen, and it probably covered originally about 3 million workers. In addition, the Government of India were empowered to bring within the scope of the Act other classes of workmen whose occupations are hazardous and several such classes have been added since the Act came into force. Compensation is payable, subject to certain specified exceptions, for death or disablement caused by accidents arising out of and in the course of employment or by certain specified occupational diseases The Government of India were empowered to add to the list of occupational diseases and one such addition was made in order to make it possible to ratify a Convention adopted by the International Labour Conference. With the same object a minor amendment was made* in 1926 in the provisions of the Act relating to occupational

* By Act XXIX of 1926.

diseases In September 1928 a Bill was introduced in the Legislative Assembly for the amendment of the Act in respect of a considerable number of details.

The administration of the Act has given rise to singularly little difficulty and the apprehensions felt at the time of its passing regarding its smooth working have been for the most part unfulfilled. But this is due to some extent, to the fact that the workmen in many areas have been slow to realize the benefits which the Act conferred upon, in respect of minor disablements in particular, the number of claims made is still very far short of the number of possible claims. Statistics are not collected regarding all cases of compensation paid under the Act, but the statistics available for the more important classes of workers, *i.e.*, workers in factories, mines and docks and on railways and tramways, show that compensation was paid in respect of over 4,000 such persons in the second half of 1924, over 11,000 in 1925 over 14,000 in 1926 and about 15,500 in 1927. The compensation paid in 1927 amounted to about 10 lakhs of rupees The proportion of contested cases has been small. Less than 300 cases were contested before Commissioners during 1927 and appeals against the orders of the Commissioners have been rare.

(d) Trade Unions and Trade Disputes.

The question of trade union legislation came up before the first session of the reformed Legislature, in consequence of a suit arising out of a trade dispute in Madras In 1920 the company owing a mill whose workers were [illegible] the leader of the local labour union w[illegible] others, seeking to restrain them fr[illegible] to break their contracts and suing [illegible] is respect. The case was eventually [illegible] settled, after an interim injunction had been obtained; but the proceedings suggested that in the absence of legislation even legitimate trade union activity was attended by considerable peril. And the Legislative Assembly, on a resolution moved by Mr. Joshi, the representative of labour interests, and accepted in an amended form by Government agreed in March 1921 that steps should be taken as soon as practicable to introduce such legislation as might be necessary for the registration and protection of trade unions.

The Government of India published tentative proposals for legislation in September 1921, and evoked a large mass of opinions. Discussing these later in the Legislative Assembly, the Hon'ble Sir Bhupendra Mitra observed :—

> "The opinions expressed in response to our invitation are remarkable for their diversity. There are some who consider the

proposed legislation to be premature and who would prefer that we should not proceed with it at all. There are some others who, while recognizing the need for the proposed legislation, apparently consider Trade Unions to be dangerous and pernicious growths whose activities should be controlled rigidly so that they may not eventually overwhelm the commonwealth. There are others again who regard trade unionism as a new religion which, given sufficient license, would bring about the millenium much more rapidly than any existing religions promise to do".

After prolonged examination of the question the Government of India published a Bill on new lines in 1924 and circulated it for criticisms. After these had been received, a few minor modifications were made in the Bill, which was introduced in the Legislative Assembly in January 1925. While individual clauses of the Bill were adapted from provisions in British and Dominion legislation, the Bill exhibited an essential difference from these laws. For instead of granting privileges to all trade unions, it restricted the benefits which it proposed to confer to those unions which accepted registration. Registered unions were offered a substantial meausre of immunity from civil suits and from prosecutions for criminal conspiracy, while registration involved, on the other hand, the acceptance of restrictions on the manner in which trade union funds could be spent and the preparation of regular audited accounts. The position of unions which did not desire to register was thus left entirely unaltered by the Bill.

A number of amendments were made by the Legislative Assembly in Select Committee and in the House. The most important of these was the introduction of a clause permitting registered trade unions to maintain funds for political purposes. The provisions followed the British law in many respects; but instead of enabling (as that law did at the time) unions to collect from all members who had not contracted out of the liability to subscribe, it provided that no member should be compelled to contribute to a political fund and that failure to contribute would not involve any disability or disadvantage except in relation to the control and management of the political fund. The Bill, after being debated at great length in the Legislative Assembly, was passed through both Houses in March 1926*; the Act did not come into effect until June 1927.

An endeavour was made in a private member's Bill introduced in February 1928 to provide that the privilege granted to registered trade unions in respect of immunity from criminal prosecution should be extended to other combinations of workmen. The Bill, after being circulated for opinions, was rejected by the Legislative Assembly in September 1928.

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* As Act XVI of 1926; minor amendments were made by Act XV of 1928.

Reference was made in the previous chapter to certain discussions regarding legislation for the settlement of industrial disputes and in 1924 the Bombay Government prepared a Bill for introduction in the Legislative Council. But the Government of India were by this time formulating proposals for all-India legislation, and the local Bill was consequently withheld.

In publishing their proposals for criticims, the Government of India indicated that, in their view, the position had changed materially since they raised the question in 1920. Public opinion on questions of this kind had grown steadily more vocal and there were distinct indications of the growth of a trade union movement. The main portion of the bill drafted by the Government of India followed in a number of respects the British Industrial Courts Act of 1919 and empowered but did not compel Government, when any dispute arose or was apprehended, to refer the dispute to a Board for investigation and settlement. Standing panels were to be appointed from which members of Boards could be selected. In addition the bill contained provisions based on the principles of the Canadian Industrial Disputes Investigation Act of 1907, relating to such public utility services as might be notified. In these services the cessation of work without notice was to be prohibited and, if a Board was appointed to investigate a dispute, the prohibition was extended over a period sufficient to enable the Board to report.

Opinions on the Bill were received in 1925; but the Government of India decided to postpone the introduction of legislation until after the Trade Unions Act was in force, and it was not until September 1928 that the Trade Disputes Bill was introduced in the Legislative Assembly. This Bill differed in a number of respects from the Bill published in 1924. In proposing to establish two different types of industrial tribunal the main portion of the Bill followed more closely than the previous Bill the general lines of the British Industrial Courts Act of 1919. It did not, however, follow the English Act in setting up any standing court. Both the Courts of Enquiry and the Boards of Conciliation contemplated by the Bill are tribunals appointed *ad hoc* for each dispute. In respect of the public utility services, the Bill provides for a penalty for strikes entered upon without a month's notice in writing. This provision applies automatically to certain public utility services and can be extended to others (including railway services); [illegible] n these ser-[illegible]sed on the British Trade Unions and Trade Disputes Act of 1927 relating to strikes and lockouts of a sympathetic character designed to coerce the Government either directly or by inflicting hardship on the community. In respect of strikes and lockouts of this character, those taking part are deprived of the protection afforded by the Indian Trade Unions Act, 1926, and persons declining to participate are protected from penalties to which they might otherwise be subjected by trade unions or other societies. The Bill, after being introduced in the Legislative Assembly was circulated for eliciting opinions.

(c) *Miscellaneous measures.*

The Indian Ports (Amendment) Act of 1922* was a minor measure which owed its existence to the passing by the International Labour Conference at Washington of the draft Convention relating to the minimum age of children in industrial employment The Act laid on local Governments the obligation of making rules prohibiting the employment of children under 12 on the handling of goods at quays, docks, etc., and passed through both Chambers of the Indian Legislature without opposition.

The Industrial Commission called attention to the inconvenience caused to industrialists by the existence of a number of differing Acts relating to boilers throughout India and to the unsatisfactory character of these Acts. On the suggestion of the first Conference of Directors of Industries, a small committee was appointed at the end of 1920 to consider the question of the unification of the Acts and regulations relating to the inspection and upkeep of boilers in India. The Committee found that there were seven provincial Acts in force which differed not merely in form but in principle and that the differences were not such as could be justified by the particular requirements of local conditions. Some of the Acts were of an antiquated character and in one major province and in two minor provinces there were no laws relating to the inspection of steam boilers In the Devolution Rules "boilers" was declared to be a subject for central legislation and the Committee recommended the enactment of a uniform law applicable to the whole of India and the repeal of the various provincial Acts. Their recommendation led to the introduction and passing of the Indian Boilers Act of 1923.† The Act, which has been supplemented by a large number of regulations, is administered by local Governments who employ a qualified staff for the purpose and it has proved generally adequate for securing the safety of those employed where boilers are in use.

Reference has already been made to the amendment in 1920 of the Workmen's Breach of Contract Act. There was at the time a considerable section of public opinion in favour of the repeal of all enactments of this measure, and in February 1923, Mr. K. C. Neogy asked for leave to introduce in the Legislative Assembly a Bill to repeal the Act. Government opposed the motion which was rejected, but they undertook they would themselves bring in a Bill which would have the effect of repealing the Act with effect from 1926. At the same time, they indicated that local Governments would be free to place before their own Legislatures measures designed to give protection, where necessary, to industrialists in particular areas and under particular circumstances. In 1924 notice was given by several members of a Bill to repeal with effect from April 1926 not merely the Workmen's Breach of

* Act XV of 1922
† Act V of 1923

Contract Act but the sections of the Indian Penal Code which provided for criminal penalties for breach of contract by workmen and a number of sections of the Assam Labour and Emigration Act of 1901 to the same effect. The latter sections though still on the statute book, have long been rendered ineffective by notifications, but Government introduced in 1924 an official measure repealing the Workmen's Breach of Contract Act and the two sections of the Indian Penal Code under which workmen could be punished for breaches of contract. The Bill was passed into law in February 1925 and came into effect on 1st April 1926.

Two private members' bills relating to labour were introduced in the Legislative Assembly in 1924. Mr. Joshi's Maternity Benefits Bill sought to prevent the employment of women in factories, mines and certain tea estates shortly before and after confinement and to secure maternity benefits for such women when confined. The benefits were to be met from a general fund established in each province under the control of the local Government, and built up by contributions from employers. The Bill, after being circulated for opinions, came again before the Assembly in the following year. It was opposed by Government on the ground that the necessity for legislation, and particularly legislation applicable throughout India, had not been established, that the principles of the Bill were questionable, and that it might have harmful results for female labour. The motion to refer it to a Select Committee was defeated by 51 votes to 47.

Wages are paid in India on varying periods; but the monthly system of payment is generally the commonest one. And the principal clause of Mr. Chaman Lall's Weekly Payments Bill provided for the compulsory adoption of a system of weekly payments for workers' wages. But the Bill permitted employers who were prepared to withhold payments of wages for not more than a week to continue payment on other systems; and its main object was to check the habit of paying wages considerably in arrears, which is by no means uncommon.

The Bill was circulated for opinions and came before the Assembly for the second reading in February 1926. Opinions on the Bill had been generally adverse, and opposition in particular had been directed towards the proposal to interfere with the existing periods of payment. But an inquiry made by Government into the periods of payment for wages and the extent to which they were withheld had indicated that the latter subject deserved further examination and Government, in opposing the Bill, gave an assurance that the question of legislation to secure the prompt payment of wages would be considered. The mover of the Bill then withdrew it. The Gov[illegible]

late the deductions which employers might make from wages by way of fines, etc. By the middle of 1928, the Government of India had not formulated conclusions on the subject.

(f) *Provincial legislation.*

All the measures previously mentioned have been all-India measures, and have been considered by the Central Legislature. Local Legislatures are also competent to legislate in labour matters; but when regard is had to the volume and scope of the all-India labour enactments brought forward since the Reforms, it is not surprising that the output of the Legislative Councils in this direction should be very small.

The only two provincial labour measures which reached the statute-book have been official ones and both have been concerned with the subject of breaches of contract by workmen. When the Government of India in 1923 undertook to introduce a measure repealing the Workmen's Breach of Contract Act of 1859, they indicated that local Governments might desire to place before their Legislative Councils some measure to give protection to employers in the matter. And the Coorg Legislative Council in 1925 recommended to the Chief Commissioner of Coorg the introduction of a measure of the kind in question. A Bill which provided for criminal penalties for breaches of contract by agricultural and other workers in Coorg and also contained a number of provisions imposing obligations on their employers in respect of housing and other matters was prepared and submitted to the Governor General for sanction. The principle of the Bill was one which the Government of India were anxious to see eliminated from Indian law, and sanction was granted subject to important modifications; a clause was added limiting the operation of the Bill to five years from 1st April 1926, and the Bill was confined in its scope to workmen employed in the cultivation and production of coffee, tea, rubber and other agricultural products. The President of the Council, in putting the motion for leave to introduce the Bill to the Council, remarked:

> " ......it is advisable that I should state briefly the conditions which have led the Government of India to advise the Governor General to grant sanction to the introduction of the Bill in its present modified form.
>
> "I must impress on all honourable members that the Government of India consider the principle underlying this Bill to be opposed not merely to Indian public opinion, but to all modern thought on the question of labour legislation, and, therefore, they *regret that any fresh legislation of this kind should have been found necessary in any part of India.* They have, however, already recognised that in areas where Act XIII of 1859 or similar Acts have been extensively used serious injury might be caused by withdrawing all such legislation without adequate warning. Although a period of three years' grace was allowed in the case of the withdrawal of Act XIII of 1859, it is evident to the Government of India that the agriculturists in Coorg, relying on the introduction of fresh legislation to replace that Act, *have taken no steps to enable their industry* to meet the altered conditions that would result from the absence of any legislation of this kind. It has, therefore been considered desirable that a reasonable period should be allow-

ed to enable agriculturists to adapt themselves to the new conditions that will prevail when legislation of this kind ceases to be in operation. A further consideration is the fact that, although the question of the repeal or amendment of the Madras Planters' Labour Act of 1903 is about to be considered, that Act is still in force in parts of the Madras Presidency adjoining Coorg".

The Bill, after being amended in minor particulars, became law in 1926.

On the other hand, the Madras Planters' Labour Act of 1903, referred to above, was subsequently repealed. The Act was applicable to labour employed in plantations in two Madras districts and it included provisions both for criminal penalties for breaches of contract and for the welfare of the workmen subjected to these penalties. The question of repealing the penal provisions for breach of contract was considered by a Committee; the majority of the Committee recommended the repeal of the Act, provided that Government simultaneously undertook to introduce legislation generally applicable to all industries where labour was employed on a system of advances. But the Government of Madras came to the conclusion that the Act should be repealed without the substitution of any fresh measure. The Bill repealing the Act was passed by the Legislative Council in 1927 and becomes operative at the beginning of 1929. As a result of the several enactments passed on this subject, by 1931 there should be no effective measures on the statute-book under which workmen can be prosecuted for breaches of contract.

Other official Bills relating to labour subjects which have been introduced include the Bengal Tea-Gardens Public Health Bill and the Bombay Statistics Bill. The former bill which was introduced in the first Bengal Legislative Council in 1923 lapsed with the dissolution of that Council; it was designed to set up a Board of Health for the tea-producing areas of Bengal and to replace the Jalpaiguri Labour Act of 1912, which provides for the collection of certain particulars bearing on the health of labour in the tea-gardens of Jalpaiguri. The latter Bill was designed mainly to overcome the difficulties experienced by the Bombay Labour Office in collecting labour statistics. It proposed to arm the Director of the Office with extensive powers to collect statistics relating to prices, rents, wages, hours, employment, industrial disputes and other matters, and was based largely on laws in various Dominions. Introduced in 1924, it met with vigorous opposition in the Bombay Legislative Council, and the local Government abandoned the proposal.

Very few private Bills relating to industrial labour have been introduced in the Legislative Councils and none has yet been passed. The only such Bill which has made substantial progress is a Bill to provide for Maternity Benefits to factory workers in Bombay Presidency, which was based on the Bill rejected by the Legislative Assembly. It was introduced in the Bombay Legislative Council in 1928 and, in spite of the opposition of the local Government, was referred to a Select Committee.

INDEX.

A

B

C

D

E

F

G

H

I

J

K

L

V

W

RATES OF PAY IN NEW PROVINCIAL SERVICES.

TABLE OF CONTENTS.

Rates of Pay in the New Provincial Services.

The Lee Commission's recommendation.

1. Complementary to their recommendation that the All-India Services employed in reserved fields of administration should continue to be appointed and controlled by the Secretary of State in Council, the Royal Commission on the Superior Civil Services, 1924, made the proposal that for the purposes of local Governments there should be no further recruitment to the All-India Services as such operating in transferred fields. The Commission suggested that the personnel required for those branches of administration should in future be recruited by local Governments who should be given power to make rules to regulate not only the public services which would take the place of the then existing All-India Services operating in transferred fields, but also the existing provincial services.

The amendment of the Classification Rules and the Civil Services (Governors' Provinces) Delegation Rules, 1926.

2. Though an announcement had previously been made by the Government of India in general terms accepting this and other recommendations of the Lee Commission, formal effect was not given to the particular proposal mentioned in the preceding paragraph until April 1926 when two Resolutions of the Secretary of State in Council were notified for public information. These resolutions are reproduced in Appendix I to this note.

The first of these two Resolutions introduced certain amendments in the Civil Services (Governors' Provinces) Classification Rules, and regulated the power of local Governments to make first appointments to provincial services, subordinate services and special posts, and gave them authority to fix the cadre of a provincial or subordinate service and to increase or reduce the number of posts in such cadre. Certain limitations were imposed to safeguard the rights of members of the corresponding All-India Services and existing members of provincial services.

The second Resolution contained what are known as the Civil Services (Governors' Provinces) Delegation Rules, 1926. Under Rule 3 of those Rules, subject to certain restrictions in the matter of first appointment, the power to make rules regulating the method of recruitment to provincial services, subordinate services and special posts was delegated to the local Government of Governors' Provinces. Under Rule 4 of those Rules, subject to a single restriction to safeguard the rights of existing members, and notwithstanding anything contained in any rule made under, or confirmed by, the Government of India Act, the power to make rules regulating the conditions of service, pay, allowances, and pensions of provincial and subordinate services and of officers holding special posts was delegated to the local Governments of Governors' Provinces.

It is sufficient for the purposes of this note that by this Resolution the local Governments were given full powers to fix the rates of pay of the new provincial services without reference either to the Government of India or to the Secretary of State. The discretion in the matter was left wholly to themselves*. The services concerned were the Educational, the Agricultural and the Veterinary Services; in Bombay and Burma, the Forest Service; and, except in Madras and Assam, the Engineering Service (Roads and Buildings). The Medical Services were on rather a different footing owing to the particular position occupied by the Indian Medical Service and are not discussed in this note.

3. Early in 1927, it was represented to the Government of India by one of the provincial Governors that the provinces would probably welcome an opportunity to meet together and learn what the others were doing as regards the constitution of new provincial services, and it was suggested that a conference of provincial representatives to discuss the problems involved, if convened by the Government of India, would serve a useful purpose and would be appreciated. This suggestion was found to be generally acceptable, and the conference, at which every Governor's province was represented, was held at Delhi in November 1927 under the presidency of the Home Member. A copy of the proceedings of [illegible] this note. On the first da[illegible] discussed, and among thes[illegible]ter of pay was

The fere[illegible] Nov[illegible] 192[illegible]

* In the new draft Classification Rules it is proposed to introduce a salary limit of Rs. 3,000 a month on the powers of the provincial Governments.

TABLE OF CONTENTS.

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considered (paragraph 6 of the proceedings). There was some difference of opinion as to the extent to which uniformity was practicable, but the Home Member, in summing up, said that that the general opinion was that some degree of uniformity was desirable, and that wide discrepancies from province to province should be avoided.

The Conference then divided into four Committees to consider (1) the Educational Services; (2) the Engineering Services; (3) the Agricultural and Veterinary Services; and (4) Leave, Pension and Provident Fund questions. The first three Committees considered *inter alia* the rate of pay of the service or services with which each was concerned. The Education Committee merely recorded without comment the scales of pay for the new superior Provincial Educational Services tentatively put forward by various provinces. The Committee on Engineering [illegible] services expressed a general opinion to the effect that scales of pay in the various provinces for corresponding services should as far as possible be made uniform in order to obviate unwholesome competition and lessen the risk of service discontent, but proceeded to give instances of the disparity of conditions in different provinces likely to make uniformity impracticable. They observed that for the new superior or Class I Agricultural and Veterinary Services for the ordinary scale the minimum might be about Rs. 350 a month (on the assumption of recruitment about the age of 25) rising to a maximum of Rs. 1,200 or Rs. 1,250.

The proceedings of the conference were informal, and no local Government was in any way bound by any conclusions reached by the Conference or any of its sub-committees. The record of the proceedings was sent to local Governments for their use without comment by the Government of India.

Rules for new superior provincial services in Burma.

4. The only local Government which has yet issued rules for new superior provincial services to replace All-India Services on the transferred side is the Government of Burma, who during the course of the year 1928 published rules for new Burma Forest (Class I), Burma Engineering (Class I) and Burma Agricultural (Class I) Services. Draft rules for a new Burma Educational (Class I) Service are at present pending with the Government of India. (It should be explained that it is only in the case of new provincial Educational Services that, for special reasons solely connected with the protection of existing members of the All-India Educational Service, the proposals of the local Governments are required to be submitted to the scrutiny of the Government of India). The local Government have also under their consideration rules for the formation of new Veterinary and Co-operative Services.

In fixing rates of pay, the Government of Burma have followed the principle of adopting an identical time-scale for each of their new provincial services, with special rates for heads of departments and a few

other superior posts. The standard Burma scale for their new provincial services is shewn in the following table :—

Age last birthday	Pay.	Overseas Pay. In Sterling
1	2	3
Not more than—	Rs.	£
23	300	20
24	350	20
25	400	20
26	450	20
27	500	20
28	550	20
29	600	30
30	650	30
31	700	30
	Efficiency Bar.	
32	750	30
33	800	30
34	850	40
35	900	40
36	950	40
37	1,000	40
38	1,050	40
39	1,100	40
40	1,150	40
41	1,200	40
42	1,250	40
	Efficiency Bar.	
43	1,300	40
44	1,350	40
45	1,400	40
46	1,450	40
47 and over	1,500	40

The local Government have avoided provision for selection grades, but the following high administrative posts, when held by members of the Service, carry the pay shewn against each :—

Burma Educational Service, Class I—

(When constituted).

Director of Public Instruction Rs. 3,000 *plus* overseas pay £25.

Burma Forest Service, Class I—

Chief Conservator of Forests Rs. 3,000 *plus* overseas pay £25.

Conservator of Forests Rs. 1,750—100—2,250 *plus* overseas pay £25.

Burma Engineering Service, Class I—

Chief Engineer Rs. 3,000 *plus* overseas pay £25.

Superintending Engineer and Deputy Chief Engineer Rs. 1,750—100—2,250 *plus* overseas pay £25.

Burma Agricultural Service, Class I—

Director of Agriculture Rs. 2,500 *plus* overseas pay £25.

Overseas pay is admissible only to members of the Service of non-Asiatic domicile recruited in London and is payable in sterling. Since the scale of pay has been fixed with reference to conditions in Burma, no Burma allowance is admissible in addition. The rules for the Burma Forest Service (Class I) may be taken as a specimen of the rules for new provincial services published by the Government of Burma and a copy of those rules will be found in Appendix III to this note.

The local Government have explained that the rates which they have adopted are determined by the amounts thought necessary to obtain fully qualified recruits locally so far as local recruitment is feasible, *plus* overseas pay for officers of non-Asiatic domicile recruited in England. The pay of any particular service is not intended to have any exact relation to the pay of the service which it is designed to replace.

The special Burma allowance to which reference is made above is a special monthly allowance sanctioned by the Secretary of State and admissible to officers, *irrespective of any maximum limit of pay*, who belong to departments or branches of departments which are not

recruited in Burma for service solely in Burma. The present scale of this allowance is as follows :—

Officers drawing from	Amount of allowance admissible.
Rs.	Rs.
200—299	50
300—399	60
400—499	75
500—599	90
600—799	105
800—999	120
1,000—1,499	135
1,500—1,999	150
2,000 and upwards	165

The allowance is intended to compensate officers for the absence of amenities in the conditions of service in Burma, and it is important when making a comparison of the rates adopted for the new Burma superior provincial services with the rates payable to members of the All-India Services now serving in Burma to bear in mind that members of the new Burma superior provincial services, whether recruited in Rangoon or in London, will not be eligible for this allowance.

5. In response to enquiries made, the local Governments of the other Governors' provinces have supplied the Government of India with the information of the position each has reached in the formulation of rules for new superior provincial services, which has been summarised in the table shewn in Appendix IV to this note. The information given is expressed at rather greater length, separately for each province, in this and the succeeding paragraphs. Progr made other vinces Madra

The Government of Madras submitted to the Government of India a scheme (which has recently been approved) for the reorganisation of their Educational Service (Men's Branch). In that scheme the following rates of pay (with which the Government of India are not concerned) have been proposed for the new Educational Service, Class I—

Rs. 400—40—600—efficiency bar—50—1,200; selection grade 1,250—50—1,500 for 15 *per cent.*

The scheme for the Women's Branch of the same service is being scrutinized by the Government of India. The pay which has been

proposed for this branch of the new Educational Service, Class I, is as follows :—

Rs. 350—25—750; selection grade 800—25—900—50—1,050 for 15 *per cent.*

Rules for a new Madras, Class I, Veterinary Service are still under consideration. The pay proposed is—

Rs. 350—50—1,200; selection grade 1,250—50—1,500 for 15 *per cent.*

Proposals for a new Madras, Class I, Agricultural Service are being considered jointly with the recommendations of the Agricultural Commission.

(ii) Bombay. 6. *The Government of Bombay have reported that the constitution* of cadres for new, Class I, Provincial Services is nearing final settlement for the Agricultural, Forest and Veterinary Services and is under consideration for the Educational and Engineering Services. The same principle as that adopted in Burma is being followed of fixing an identical time-scale of pay for all the new superior provincial services. The rate which the Government of Bombay propose is a uniform time-scale of Rs. 320—40—1,200. They have explained that this scale was calculated on a two-thirds basis of the scales of the corresponding All-India Service scales (basic pay *plus* overseas pay converted into rupees at the current rate of exchange).

The reasons given for the slower progress with the new Educational and Engineering Services, Class I, are that the constitution of the new Bombay Educational Service is bound up with the larger question, now before the Government of Bombay, of the reorganization of all their Educational Services, a question which they hope to settle within the next few months; and that decisions regarding the constitution of a new Bombay Engineering Service are being deferrred, until it is known whether as a result of the recommendations of the Statutory Commission "Irrigation" will be treated as a transferred subject.

The typical Bombay scale is shewn in the following table :—

Year of Service	Basic pay.	Overseas pay.
	Rs.	£
1st	320	15
2nd	360	15
3rd	400	15
4th	440	15
5th	480	15
6th	520	15

Year of Service.	Basic pay.	Overseas pay
	Rs	£
7th	560	25
8th	600	25
9th	640	25
	Efficiency bar.	
10th	680	25
11th	720	25
12th	760	30
13th	800	30
14th	840	30
15th	880	30
16th	920	30
17th	960	30
18th	1,000	30
19th	1,040	30
20th	1,080	30
21st	1,120	30
22nd	1,160	30
23rd and over	1,200	30

In addition in some services there is provision for selection grades; for instance, in the new Agricultural and Veterinary Services there will be a selection grade of Rs. 1,200—50—1,350 and in the Educational Service two selection grades of Rs. 1,200—50—1,350 and Rs. 1,400—50—1,500 with overseas pay, when admissible of £30. It is proposed that the higher administrative posts should carry the following rates of pay:—

Bombay Forest Service, Class I—

Chief Conservator Rs. 2,000—100—2,200 O. S. P. £30.

Conservators Rs. 1,450—75—1,750 O. S. P. £30.

Bombay Agricultural Service, Class I—

Director of Agriculture Rs. 1,600—50—1,800 O. S. P. £30.

Bombay Educational Service, Class I—

Director of Public Instruction Rs. 2,000—100—2,100—200—2,500 O. S. P. £30.

Bombay Engineering Service, Class I—

Chief Engineers Rs. 2,000—100—2,100—200—2,500 O. S. P. £30.

Superintending Engineers Rs. 1,450—75—1,750 O. S. P. £30.

(iii) Bengal. 7. In Bengal the local Government have now decided to create higher grade provincial services in place of All-India Services on the transferred side.

The Indian Educational Service will be replaced by a higher grade provincial service in which the rates proposed are—

Pay Rs. 350—50—1,200 *plus* overseas pay Rs. 200 rising to £35; selection grade Rs. 1,250—50—1,500 *plus* O. S. P. £35.

For Women:

Pay Rs. 350—25—800 *plus* overseas pay Rs. 200 rising to £20 selection grade Rs. 850—50—1,000 *plus* O. S. P. £20.

The Indian Agricultural Service will be replaced by a higher grade provincial service in which the rates proposed are—

Pay Rs. 350—50—1,200 *plus* overseas pay Rs. 200 rising to £35; selection post of Director Rs. 1,360—50—1,600 *plus* O. S. P. £35.

The new higher grade provincial Veterinary Service will probably carry the same rate of pay on the time-scale as the new higher grade provincial Agricultural Service; and though final decisions have not been reached it is suggested that the post of Director and Veterinary Adviser when held by a promoted departmental officer should carry pay Rs. 800—50—1,350 with O. S. P. ranging from £25 to £35.

The Indian Service of Engineers, Roads and Buildings, will be replaced by higher grade provincial service in which the assistant executive engineers will be Europeans recruited in England on a time-scale of pay of Rs. 300—50—900 *plus* overseas pay Rs. 225 rising to £35. The executive engineers in the same service will be recruited partly from the above and partly from assistant engineers in the lower grade provincial service, and will draw pay Rs. 550—50—1,300 *plus* overseas pay when admissible of Rs. 225 rising to £35. Superintending Engineers will receive a basic pay of Rs. 1,450—100—1,850 *plus* overseas pay £35 and the Chief Engineer a basic pay of Rs. 2,450—125—2,700 *plus* overseas pay £35.

The time-scale in the Bengal higher grade Educational Service (Men's Branch), which may be taken as roughly typical would read as follows :—

Year of Service.	Basic pay.	Overseas pay.
	Rs.	Rs
1st	350	200
2nd	400	200
3rd	450	200
4th	500	200
5th	550	£ 25
6th	550	30
7th	600	30
8th	650	30
9th	700	30
10th	750	30
11th	800	30
12th	850	30
13th	850	35
	Efficiency bar.	
14th	900	35
15th	950	35
16th	1,000	35
17th	1,050	35
	Efficiency bar.	
18th	1,100	35
19th	1,150	35
20th and over	1,200	35

The Government of Bengal have explained that the principle which they have followed is to make the basic pay of the proposed higher grade provincial services lower and the overseas pay higher as compared with the scales of pay in the All-India Services which they replace. Overseas pay will be admissible to officers of non-Asiatic domicile only.

8. Schemes for new higher grade Educational, Agricultural, Veterinary and Engineering Services in the United Provinces are stated by the local (iv) The United Provinces.

Government to have reached draft form. The time-scale suggested for the first three is Rs. 360—40—800—50—1,050; and for the Engineering Service the existing junior and senior scales of the Indian Service of Engineers. Provision is also under consideration for sterling overseas pay and passages on the Lee Commission scale for officers of non-Asiatic domicile recruited in England, with the possibility of giving in later years of service, in the case of the Educational and Agricultural Services, a higher maximum of overseas pay than that of the existing All-India Services, in lieu of selection grades.

(v) The Punjab. 9. In the Punjab proposals have matured for higher grade provincial services in the Education and Public Works (Roads and Buildings) Departments. It is stated that though final decisions have not been reached, the rates proposed for the Public Works (Roads and Buildings) Service are expected to follow closely the scale of the Railway Service for officers of Indian domicile, and the scale of the Indian Service of Engineers for overseas pay; and that in the new higher grade provincial Educational Service the rate of pay will be the same as the rate of pay of the present All-India Educational Service.

(vi) Bihar and Orissa. *10. In the draft scheme for a Class I provincial Educational Service* which they have submitted to the Government of India the rate of pay proposed by the Government of Bihar and Orissa is as follows :—

Age.	Basic pay.
	Rs
25	360
26	360
27	400
28	400
29	440
30	440
31	480
32	480
33	520
34	520
35	560
36	560
37	600
	Efficiency bar.
38	650

Age.	Basic pay.
	Rs.
39	700
40	750
41	800
42	850
43	900
44	950
45	1,000 continuing by annual increases of Rs. 50 to Rs 1,250 at the age of 50 years

For the post of Director of Public Instruction the pay proposed is Rs. 1,750—50—2,000 with overseas pay of £13-6-8 if of non-Asiatic domicile.

In the Women's Branch of the service the initial pay on the time-scale would be Rs. 325 rising to a maximum of Rs. 800.

With regard to European recruitment the local Government explain that they are not in favour of reserving particular posts specifically for Europeans on special terms, but consider that provision should be made for such European officers, if any, as may be appointed to the new Service from time to time. Unless such officers are recruited on contract, in which case the terms on which they would serve would be framed *ad hoc*, they will be recruited as members of Class I of the new Educational Service, and granted overseas pay and free passages on the existing standard scale.

Apparently the local Government are awaiting the comments of the Government of India on their draft scheme for a Class I provincial Educational Service (in which the interest of the Government of India is strictly limited), before proceeding further with draft schemes under their consideration for the formation of new superior Agricultural and Veterinary Services. The question of forming a new provincial Engineering Service is being considered.

11. The Government of the Central Provinces have proposed for their new provincial Educational Service Class I a scale of pay rising from Rs. 350 to Rs. 1,250 in the 24th year of service and a pay of Rs. 1,750—100—2,250 for the post of the Director of Public Instruction. The local Government compare this rate with the Indian Educational Service scale of pay Rs. 400 rising to Rs. 1,250 in the 20th year of service, with

(vii) The Central Provinces.

selection grades from Rs. 1,250 to Rs. 1,750 and a post of Director Public Instruction on a pay of Rs. 2,000 rising to Rs. 2,500.

The local Government have framed draft rules (which have not y been published) for the formation of a new superior provincial Engineerin Service in which the rate of pay would be Rs. 375 rising to Rs. 1,25 in the 24th year of service; Superintending Engineers would dra Rs. 1,500 to Rs. 1,700 and the Chief Engineer Rs. 2,000 to Rs. 2,50(This scale they compare with the present scale of pay in the India Service of Engineers of Rs. 375 rising to Rs. 1,375, with Superintendin Engineers on Rs. 1,750 to Rs. 2,150, and a Chief Engineer on Rs. 2,75 to Rs. 3,000 with special pay of Rs. 250.

No reference is made by the local Government to new Agricultura or Veterinary Services.

Nor is any reference made to overseas pay.

(viii) Assam.

12. It is reported by the local Government that they originally drew up tentative scales of pay of Rs. 350 to Rs. 1,250 spread over 25 year for a higher grade Educational Service and of Rs. 300 to Rs. 1,200 spread over 27 years service for higher grade Agricultural and Veterinary Services. They have since set aside these proposals in favour of adopting a uniform scale of pay for the three services on rates which might involve a reorganization of the lower branches of the same services. The Government of Assam state that the whole question is under consideration and will probably take time in examination. The uniform scale of pay which the local Government at present have in mind, but which is liable to alteration after further scrutiny, is as follows: Rs. 250—250—300—40/2—500—500—50—750—750—50—1,000 with the two selection grades of Rs. 1,050—50—1,150 and Rs. 1,150—50—1,250.

Comment on the Burma rates.

13. Since Burma is hitherto the only province to publish rules for the formation of new superior provincial services, it is still too early to attempt to judge the effects in practice of the policy of a wide delegation of powers in the constitution of provincial services which was expressed in the Civil Services (Governors' Provinces) Delegation Rules, 1926. It has however been suggested that, unless rates of pay are controlled and unless some general standard of uniformity is maintained, first recruitment to All-India Services in corresponding subject may be adversely affected and second, there may be uneconomic competition between provinces. In this connection it may be observed that as between All-India and Superior Provincial Services, the field of competition is at present limited. Firstly, in so far as the Forest Services are concerned, competition may occur between the Superior Provincial Forest Services in Bombay and Burma on the one hand, and the Indian Forest Service in the remaining Provinces on the other hand; and, secondly,

Service of Engineers (Irrigation) in all Provinces and the Indian Service of Engineers (Roads and Buildings) in Madras and Assam. In regard

to the Forest Services, the scope for competition is probably too restricted seriously to affect recruitment. In regard to the Engineering Services, however, the competition between the All-India and the Superior Provincial Services is likely to be considerable: and the position is further complicated by the fact that the Railway Service of Engineers draws recuits from much the same markets in England and in India. In the examination of suitable terms of service for the Superior Provincial Services of Engineers, local Governments will necessarily be influenced by the intensity of competition and it is not improbable that in order to secure officers of the requisite qualifications some local Governments will offer rates of pay approximating to those of the Services with which they will have to compete. The problem has thus a three-fold aspect. Firstly, the effect on recruitment for All-India Services of liberal Provincial rate; secondly, the effect on provincial recruiting of the competition of All-India or Central Services, and, thirdly, the effect of a diversity of provincial terms of service. Some brief comment may therefore be made on these aspects of the rates for new superior provincial services either adopted in Burma or proposed elsewhere.

It will be convenient to consider the Burma rates first. Such problems as they present can be separated from the problems that may arise from rates adopted in the Indian provinces for two reasons, first because of the geographical isolation of Burma and second, because owing to local conditions in Burma special allowances are paid to officers of the All-India Services employed in that province. To that extent service in Burma has in the past been recognized as justifying special remuneration. The adoption by the Government of Burma of an identical time-scale of pay for all their new provincial services facilitates an examination of the issues raised. The conspicuous features of that time-scale are the comparati [illegible]
annual increment [illegible]
maximum rate of [illegible]
this tilbe-scale compares favourably, particularly in its later stages, with the time-scale either of the Imperial Forest Service or the Indian Service of Engineers, the only two All-India Services which survive in corresponding subjects. In addition, an officer of non-Asiatics domicile will draw a better rate of overseas pay. Lastly, for the superior administrative posts liberal terms are offered by the local Government. For instance, their Chief Conservator of Forests in the new provincial service would draw Rs. 3,000 *plus* overseas pay £25 compared with the pay of Rs. 2,500—125—2,750 *plus* overseas pay of £13-6-8 and a Burma allowance of Rs. 165, which represents the total emoluments of a Chief Conservator selected from the Indian Forest Service. To what extent, if any, are these rates likely to affect recruitment by the Secretary of State to the Indian Forest Service or to the Indian Service of Engineers?

It seems clear that Indian recruitment to those services will not be affected. Under the rules published by the Government of Burma there are two avenues of direct recruitment to their new provincial services, (i) in Rangoon, (ii) in London, the appointment in each case

being made on the advice of a permanent Board of Selection. A candidate for direct recruitment in Rangoon is required to be domiciled in Burma. This provision at once nullifies any effect that the Burma rates might have on Indian recruitment to the All-India Services in corresponding subjects.

It is not possible to come to quite so definite a conclusion with regard to European recruitment. In view of the terms offered, instances may occur of European candidates, choosing service in the Burma Class I Forest or Engineering Services *in preference to the corresponding All-India Services*; but much will depend on the extent to which the local Government may decide to man their new provincial services with European recruits obtained through London. As a general rule, however, in present conditions the greater number of European candidates might be expected to prefer the greater security given by membership of an All-India Service recruited by the Secretary of State.

The policy adopted by the local Government of restricting recruitment in Rangoon to persons possessing a domicile qualification sufficiently indicates they are not entering into competition to attract Indian talent to Burma. The question whether the liberal terms offered by the Government of Burma have stimulated competitive rates in the Indian provinces will be considered in the next paragraph.

Comment on the rates proposed in other provinces

14. There is nothing to show that the Burma rates, even if they were known to other provinces, have in any way affected their own proposals, in which there are marked variations from province to province. The Government of Bombay claim to have adopted as their standard a two-thirds calculation of the corresponding All-India scales, and propose to pay a higher rate of overseas pay than is at present admissible to members of the All-India Services. The Government of Bengal, whose terms are less liberal, have proceeded on similar principles of a lower basis and a *higher overseas pay* than in the displaced All-India Services. The rates proposed by the Government of Madras are only slightly lower than the corresponding All-India rates. The Government of the United Provinces propose for their Engineering Service the existing junior and senior scales of pay for the Indian Service of Engineers. The Government of the Punjab have under consideration the existing Indian Educational Service scales of pay for their new Educational Service, while for the new Provincial Service of Engineers they are considering the [illegible]

less generous scale. It is clear that in each province the local financial resources have been a factor of the first importance in the selection of of the rates to be offered, but the chief consideration influencing local Governments has presumably been the desirability of obtaining for the superior provincial services, so far as this is possible and means permit, recruits with qualifications equal to those possessed by officers of the All-India Services which are in course of replacement. The three-fold

aspect of the problem mentioned in the opening sentences of the preceding paragraph operates differently in different provinces. For example where irrigation is relatively unimportant and there are few large railway centres, the fixation of rates of pay for a new superior provincial service of Engineers is at once a much more simple matter than in a province like the Punjab where irrigation is highly developed and competition by the railways for trained engineers is keen. The actual rates proposed for each service may be assumed to have a direct relation to the particular conditions of each province. The policy of identical basic rates for all new superior provincial services within the province adopted in Bombay and Burma might be quite impracticable elsewhere.

The possible effects on recruitment to All-India Services in corresponding subjects of the constitution of a large number of new superior provincial services on the terms suggested cannot perhaps yet be accurately gauged. But recruitment to most of the All-India Services concerned has already ceased ; and such problems as may arise in regard to recruitment for the Indian Forest Service and the Indian Service of Engineers would possibly subsist only so long as the two subjects of Forest and Irrigation remain reserved subjects in any of the provinces. For the reason given in the preceding
to the Indian Forest Service and the
be found to be little, if at all, affected ;
only to the extent that the choice of candidates may be governed by a desire to serve in the province of their origin.

On the other hand the lack of uniformity between the provincial rates may have embarrassing results. At a recent conference of provincial representatives convened to consider the recommendations of the Agricultural Commission some complaints were made of the kidnapping of officers from one province by another. With the constitution of the new provincial services much will depend on the principles of recruitment that may be adopted. Though their intentions have not yet been disclosed, the other provinces, in contrast with the rigid exclusion adopted by the Government of Burma, may prefer to follow the recommendation of the 1927 Conference (it has been accepted by the Government of Bihar and Orissa) that, although local recruitment should not be restricted to persons domiciled in the particular province, residents of the province would ordinarily be recruited if qualified candidates were available. It may however prove to be an inevitable consequence of the provincilization of these services that their membership should tend to assume a definitely provincial complexion. If this were to be the case, then, as regards rates of pay, the risk of inter-provincial competition would be diminished.

Competition for European recruits would rest on rather a different basis, but in this matter provinces may follow widely different policies. The Burma rules clearly contemplate a regular flow of European recruitment ; in fact the draft rules for their Class I Educational Service contain the definite prescription (which is not found in the rules published for

the other services) that not less than 45 per cent. of the actual strength of the service shall ordinarily be filled by direct recruitment in London. It is perhaps doubtful whether any other province proposes to maintain European recruitment to the extent apparently intended in Burma. The regular provision for overseas pay in the suggested scales of some provinces is, in itself, no indication of the extent to which Europeans would in practice be recruited; while in other provinces, for instance Bihar and Orissa and the Central Provinces, the proposals under consideration seems to have proceeded on the assumption that European recruitment would be the exception rather than the rule. However, as between provinces adopting a policy of European recruitment, it is of course obvious that those which are able to offer the best terms may expect to secure the pick of the market, and to that extent would be in competition with each other.

APPENDIX I.

HOME DEPARTMENT.

NOTIFICATION.

ESTABLISHMENTS.

Delhi, the 1st April 1926.

No. F. 178-9-ii/24.—The following resolutions passed by the Secretary of State for India in Council are published for general information :—

RESOLUTION I.

In exercise of the powers conferred by sub-section (2) of section 96B of the Government of India Act, the Secretary of State for India, with the concurrence of a majority of votes at a meeting of the Council of India held this 9th day of March 1926, hereby makes the following amendments in the Civil Services (Governors' Provinces) Classification Rules,* namely :—

(i) For Rule V of the said Rules the following shall substituted namely :—

"V. Special posts shall include all posts of a special or technical character, not included in an All-India or provincial service, which are declared by the Local Government to be special posts".

* Published with the Home Department notification No. F. 472-II/23 Public, dated 21st June 1924.

(ii) After Rule XII of the said Rules, the following shall be inserted, namely —

Appointments to Provincial Services, Subordinate Services and Special Posts ; Cadres of Provincial and Subordinate Services.

XIIA.—(1) All first appointments to a provincial or subordinate service, and all appointments to a special post, shall be made by the Local Government, or, in the case of first appointments to a subordinate service, or appointments to a special post, by any authority empowered by the Local Government in this behalf :

Provided that the previous sanction of the Governor-General in Council shall be required to—

(a) the appointment to a provincial service, subordinate service, or special post of any person who is not a British subject, or the subject of a State in India in respect of whom the Governor-General in Council has made a declaration under section 96A of the Government of India Act ; and

(b) the making of an appointment to a provincial service which will adversely affect any person who was a member of such service on the 9th March 1926.

(2) The Local Government, or, in the case of a subordinate service, any authority empowered by the Local Government in this behalf, may fix the cadre of a provincial or subordinate service and may increase or reduce the number of posts in such cadre ; provided that such increase or reduction if it would adversely affect any person who was a member of the corresponding All-India Service on the 9th March 1926, shall not be made save with the previous sanction of the Secretary of State in Council, and provided also that a reduction in the number of posts in the cadre of a provincial service if it would adversely affect any person who was a member of such service on the 9th March 1926 shall not be made, save with the previous sanction of the Governor-General in Council.

(3) For the purposes of this Rule, a person who was holding on the 9th March 1926 in an officiating, provisionally substantive or substantive *pro tempore* capacity a post borne on the cadre of a provincial or subordinate service, and is subsequently confirmed in such post without reverting therefrom, shall be deemed to have been a member of a provincial or a subordinate service, as the case may be, on the said date.

RESOLUTION II.

In exercise of the powers conferred by sub-section (2) of section 96B of the Government of India Act, the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India held this 9th day of March 1926, hereby makes the following rules :—

1. These rules may be called the Civil Services (Governors' Provinces) Delegation Rules, 1926.

2 In these rules the expressions "provincial services," "subordinate services," and "special posts" shall have the meanings respectively assigned to them in the Civil Services (Governors' Provinces) Classification Rules.

3. (1) Subject to the provisions of the Civil Services (Governors' Provinces) Classification Rules, and to the Provisions hereinafter contained, the power to make rules regulating the method of recruitment to provincial services, subordinate services and special posts is hereby delegated to the Local Government of Governors' Provinces.

(2) Any rules made in exercise of the powers conferred by sub-rule (1) shall provide that, notwithstanding anything therein contained, the previous sanction of the Governor-General in Council shall be required to :—

(*a*) the making of first appointments to a provincial service otherwise than (i) on the result of a competitive examination, or (ii) on the advice of a permanent Board of Selection appointed by the Local Government or of the Public Service Commission established in accordance with the provisions of section 96 (*c*) of the Government of India Act; and

(*b*) the fixing for admission to any existing provincial service of standards lower than the standards regulating admission to that service on the 9th March 1926.

(3) If a question arises whether any rule purporting to be made in exercise of the powers conferred by sub-rule (1) was validly so made, the question shall be referred for the decision of the Secretary of State in Council.

4. (1) Notwithstanding anything contained in any rule made under, or confirmed by, the Government of India Act, the power to make rules regulating the conditions of service, pay, allowances, and pensions of provincial and subordinate services and of officers holding special posts is hereby delegated to the Local Governments of Governors' Provinces:

Provided that no such rule (not being a rule regulating compensatory allowances) shall adversely affect any person who was a member of a provincial or subordinate service or was holding a special post on the 9th March 1926.

(2) For the purposes of this rule, a person who was holding on the 9th March 1926 in an officiating, provisionally substantive or substantive *pro tempore* capacity a post borne on the cadre of a provincial or [illegible] ned in such post without [illegible] been a member of a pro- [illegible] be, on the said date.

J. CRERAR,

Secy. to the Govt. of India.

APPENDIX II.

Proceedings of the Conference of Provincial Representatives held in Delhi to consider the constitution of the new Provincial Services.

The following provincial representatives were present at the first meeting held on Wednesday, the 16th November 1927 :—

Madras.

The Hon'ble Mr. A. RANGANATHA MUDALIYAR, Minister.

Bombay.

Mr. G. WILES, C.I.E., Finance Secretary.

Mr. H. F. BALL, Deputy Secretary, Revenue Department.

Bengal.

The Hon'ble Sir PROVAS CHANDRA MITTER, KT., C.I.E., Minister.

The Hon'ble Khan Bahadur Nawab MUSHARAFF HUSSAIN, Minister.

The Hon'ble Mr. A. MARR, C.I.E., Finance Member.

Mr. R. N. REID, Secretary, Agricultural and Industries Department.

Mr. J. H. LINDSAY, Secretary, Education Department.

Mr. E. F. OATEN, Director of Public Instruction.

Mr. G. G. DEY, Secretary, P. W. D. and Chief Engineer.

United Provinces.

The Hon'ble RAI RAJESHWAR BALI, O. B.E., Minister.

The Hon'ble Nawab MUHAMMAD YUSUF, Bar-at-law, Minister.

Mr. PANNA LALL, Education and Industries Secretary.

Pt. SURAJDIN BAJPAI, Deputy Secretary, Finance Department.

Mr. P. H. TILLARD, Chief Engineer.

Punjab.

The Hon'ble Sardar JOGENDRA SINGH, Minister.

The Hon'ble Mr. MANOHAR LAL, Minister.

The Hon'ble MALIK FEROZ KHAN NOON, Minister.

Mr. J. G. BEAZLEY, Secretary, Transferred Department.

Mr. R. SANDERSON, Director of Public Instruction.

Mr. A. R. ASTBURY, Chief Engineer.

Mr. W. R. WILSON, Revenue Secretary.

Burma.

The Hon'ble Sir WILLIAM KEITH, KT., C.I E., Finance Member.

Bihar and Orissa.

The Hon'ble Sir SAIYID MUHAMMAD FAKHRUDDIN, KT., Minister.

The Hon'ble Babu GANESH DATTA SINGH, Minister.

Mr. P. C. TALLENTS, Finance Secretary.

Mr. E. C. ANSORGE, Secretary, Education and Development Department.

Central Provinces.

The Hon'ble Mr. E. RAGHAVENDRA RAO, Minister.

The Hon'ble Mr. RAMRAO MADHAORAO DESHMUKH, Mninster.

Mr. G. P. BURTON, Excise Commissioner.

Mr. B. N. DE, Finance Secretary.

Assam.

The Hon'ble Mr. A. W. BOTHAM, C.S.I., C.I.E., Finance Member.

The Hon'ble Maulvi SAIYID MUHAMMAD SAADULLA, Minister.

Mr. J. R. CUNNINGHAM, C.I.E., Director of Public Instruction.

The Hon'ble Mr. J. Crerar, C.S.I., C.I.E., the Home Member of the Government of India, presided.

The Secretary, and Deputy Secretary in the Home Department, the Secretary in the Industries and Labour Department, the Additional Deputy Secretaries in the Finance and Education, Health and Lands Departments, the Consulting Engineer and the Educational Adviser with the Government of India also attended.

Mr. Fallents was appointed Secretary to the Conference

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1. The representatives of the Punjab and Bengal Governments emphasised the fact that any conclusions reached by the Conference must be regarded as provisional. It was agreed that no local Government could be bound by any conclusion of the Conference.

2. The first question put to the Conference was whether the two existing Educational Services (Imperial and Provincial) should be replaced by a single service, or by a single service divided into two grades or classes, or by two services. The Madras representative said that his Government were in favour of combining the two existing services in a single service, as they found that the qualifications of the members of the Provincial and Imperial Services at present were very similar. The Bombay Government were in favour of having two branches of a provincial service, of which class I would replace the Indian Educa-

tional Service. The Bengal Government were in favour of a superior Provincial Service to take the place of the Indian Educational Service; the method of recruitment was not yet settled. The United Provinces Government favoured a provincial service divided into two classes with different scales of pay and different qualifications for each class. The Punjab Government were inclined to make class I of the Provincial Service into a distinct service, leaving the Provincial Service on its present basis The Burma Government had decided to constitute a new superior service to take the place of the All-India Educational Service. It would be styled " Burma Educational Service, Class I ". The present Provincial Service would become " Burma Educational Service, Class II ". The Bihar and Orissa Government were proposing to introduce a separate grade to replace the Indian Educational Service. The Central Provinces Government also were in favour of two classes of one service, and so were the Government of Assam. All the Provincial Governments therefore were in favour of having two separate services or grades of one service, except the Madras Government

3. The Engineering Service was then discussed. The Madras representative expressed no opinion. The Bombay Government were contemplating two classes of a single service. The Bengal Government were contemplating an upper and a lower division of a single service, with direct recruitment to the upper Division. The United Provinces Government were contemplating a single service with an initial pay of Rs. 250. After about ten years' service, when the recruit had risen to Rs. 750 or Rs. 800 a month, there would be an efficiency bar and divisional charges would be given only to persons who had passed that bar. The Punjab Government were in favour of two services, and the Burma Government of two classes of one service. The Bihar and Orissa Government were proposing to substitute a separate service for the existing Imperial Service, but would allow promotion from the lower service without any specified time-limit. The Central Provinces Government were also in favour of two classes, but would only allow promotion from the lower to the upper class during the first 15 years of service. In Assam, the Public Works Department is not a transferred subject.

4. Mr. Harris, the Consulting Engineer with the Government of India, was then asked by the Chairman to express his personal views. He stated that he was in favour of the proposal of the United Provinces Government. He considered that there was no justification for two separate services when the members of each had the same qualifications and were allotted to the upper and lower service according as they got more or less marks at the same examination. In his opinion the differentiation between the upper and the lower grades should come after 8 or 10 years of service when the recruit's practical capacity was known. Recruitment from the lower to the upper grade should be made whenever a post in the upper grade fell vacant. The upper grade would thus be a kind of selection grade for the Provincial Service and every recruit would have an equal chance of reaching the top. The existing

pay of the Provincial Service had proved sufficient in practice to attract adequately qualified recruits.

5. As regards the Medical Service, most representatives expressed the opinion that until the Secretary of State's orders were received, it was not possible for the local Governments to frame definite proposals. At present in the Punjab a certain number of members of the Provincial Medical Service are appointed to Civil Surgeoncies after about 15 years' service when they receive Rs. 600 pay. The Punjab Government saw no necessity for a new service. For Civil Surgeoncies not reserved for members of the Indian Medical Service, they would recruit their candidates, as now, from the ranks of Civil Assistant Surgeons, and after 15 years' practical work they would select the vest and sent them abroad on study leave: this course of study would be a necessary qualification for holding a Civil Surgeoncy. For officers so qualified they would give pay of approximately Rs. 1,000 or Rs 1,500 These posts would serve as a kind of selection grade for the Provincial Medical Service. Bihar and Orissa were proposing to keep the Medical Service in two parts, professors for the medical college should be recruited on contract

6. The Conference then proceeded to consider the question of uniformity between provinces in the matter of pay and conditions of service. The Madras representative pointed out that conditions differed from province to province and that the financial resources of the different provinces varied. He would be inclined to leave provinces a free hand The Bombay representative was of opinion that some sort of uniformity was desirable The Bengal representative thought uniformity would be difficult to attain. The supply of recruits for the different services varied in the different provinces. Dead uniformity was not possible, but some kind of working rule was desirable. The United Provinces representative thought it would be for the committees of the Conference to see how far uniformity could be introduced for the different services. The Burma representative pointed out that rates of pay were higher in Burma and that the Burma Government proposed in future to recruit only domiciled candidates. The rates of pay which have already been decided on by the Government of Burma would therefore not affect recruitment for other Provinces. The Bihar and Orissa representative considered that an attempt should be made to secure uniformity. The Central Provinces representative was in favour of uniformity of scales of pay and qualifications, and would recruit to the Provincial Services through an All-India Agency. The Assam representative said that, in view of the poverty of his province, his Government could not aspire to uniformity. The Chairman, summing up, said that the general opinion was that some degree of uniformity was desirable, and that wide discrepancies from province to province should be avoided.

7. The Conference next discussed the methods of recruitment to the proposed services. The Madras representative said that his Govern-

ment favoured a Provincial Public Services Commission. The Bombay representative said that they also would like a Provincial Public Services Commission, but could not afford it: they therefore proposed to retain Selection Boards as at present. The Bengal Government representative was not prepared to express an opinion, but he saw difficulties in the way of a Provincial Public Services Commission. The United Provinces Government were in favour of competition as far as possible; when competition was not possible, recruitment should be made by Selection Committees. No definite opinion had been formed by the Punjab Government. The Burma Government had decided that the question must be settled for each Service. In the case of the new Provincial Service to take the place of the Indian Forest Service they had decided that 14 per cent. of the appointments should be filled by promotion from the present Provincial Forest Service, which would become the Burma Forest Service, Class II, and that 86 per cent should be recruited by selection. For the purpose of selection for all the new Services, a permanent Selection Board was being created and the actual selection would be made by panels drawn from this Board. At least half the direct recruits would be selected in London by a small Selection Board constituted for the purpose. The Bihar and Orissa representatives were in favour of continuing the existing system, recruiting candidates from outside the province if no qualified local candidates were available. The Central Provinces representative was in favour of recruitment through the All-India Public Service Commission, in order that there might be an even distribution of the best material throughout India. The Assam representative stated that his local Government were prepared to utilise the Central Public Services Commission if the Commission would recruit in accordance with their requirements: recruitment in Assam had to be made partly on a communal and partly on a local basis.

8. The Chairman then proposed that the Conference should resolve itself into Committees to consider the Services in detail. It was decided that there should be four Committees, three to deal respectively with the Education, Engineering, and Agricultural and Veterinary Services, and one to deal with general conditions of service, such as leave, pension and provident fund. The Committees were directed to submit their reports to the Conference on Friday. The Committees were constituted as follows:—

Committee on Educational Services.

The Hon'ble Rai Rajeshwar Bali, O.B.E. (Convener).

Mr. G. Wiles, C. I.E.

The Hon'ble Khan Bahadur Nawab Musharaff Hussain.

The Hon'ble Mr. Manohar Lal.

Mr. R. Sanderson.

The Hon'ble Sir Saiyid Mohammad Fakhruddin, Kt.

The Hon'ble Mr. E. Raghavendra Rao.

pay of the Provincial Service had proved sufficient in practice to attract adequately qualified recruits.

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7. The Conference next discussed the methods of recruitment to the proposed services. The Madras representative said that his Govern-

man), Mr. A. H. Ley, C.S.I., C.B.E., and Diwan Bahadur Sir T. Vijayaraghava Acharya, K.B.E.

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9 The conference first dealt with the report of the Committee appointed to consider the questions of Leave, Pension and Provident Fund (Appendix I). It was explained that the reference in paragraph 4 of the Committee's report should be to the rules to be framed by the Government of India for the control of the Central Services and not to the revised Fundamental Rules. As regards the recommendations on the subject of pension and provident fund, the Chairman pointed out that recruits on first appointment had vague ideas regarding conditions of service and it might be difficult to require them to make a final choice at that stage. The Government of India had been considering the possibility of introducing a Provident Fund Scheme in lieu of pensions, and the Government Actuary was now engaged in preparing certain actuarial material in that connection.

10. In other respects, the Conference had no remarks to make with reference to the report of this Committee.

11. The report of the Committee for the Educational Services (Appendix II) was next considered. The Hon'ble Rai Rajeshwar Bali (United Provinces) referred to paragraph (I) (5) in Section A of the Committee's report, in which it is stated that " opinion was equally divided whether seniority of officers should be determined by the date of entry into the service or by the rate of pay at the date of entry." He himself was in favour of regulating seniority as in the case of listed posts in the United Provinces. The Hon'ble Malik Firoz Khan Noon (Punjab) stated that in the Punjab seniority was determined by the date of appointment: thus, a senior officer might be drawing less pay than an officer junior to him in the service. The Hon'ble Sir William Keith (Burma) said that the Government of Burma had decided to introduce a time-scale based on age for the new Provincial Services. Members recruited by promotion would take rank according to their substantive pay after promotion, which would in turn depend on the pay they were drawing before promotion. The method of determining seniority by date of entry was objectionable, because it precluded an officer recruited by promotion after several years of service from rising to administrative rank and because it involved the anomaly of making officers on lower pay rank above officers on higher pay. The Hon'ble Maulvi Saiyid

officers confirmed on the same date, seniority went by pay. Mr. Bajpai (United Provinces) thought there was some misconception. If promotion was permissible from class II to calss I in the new services, seniority must be determined on the basis of pay. The Chairman said that the pros and cons had been explained and recorded, and that the matter was one for subsequent and careful consideration.

12. The Hon'ble Sir William Keith (Burma) asked whether it had been finally settled that promotion from a Subordinate Service must be made on the advice of a Selection Board. The Home Secretary stated that the final orders of the Secretary of State had not yet been received on this point. Owing to protests received from some local Governments the Government of India had, so far as he recollected, recommended to the Secretary of State that the rule should be abolished which required the sanction of the Governor-General in Council to every case of promotion from a Subordinate Service which was not made on the advice of a Selection Board Under the rules as now proposed the Local Governments would be bound in certain cases to obtain the advice of Selection Boards before making appointments, but it would not be a statutory obligation on them to appoint in accordance with that advice At the same time it was contemplated that, save in very exceptional circumstances, the advice of the Selection Boards would be accepted. The Hon'ble Sir Saiyid Muhammad Fakhruddin (Bihar and Orissa) asked whether promotion from class II to class I of the new Provincial Services would be regarded as a "first appointment." The Home Secretary said that it would be well to await the Secretary of State's final orders before answering that question.

13. The Hon'ble Sir William Keith (Burma) stated that the time-scale which had been proposed for the new Burma Educational Service, Class I, would run up to a maximum of Rs. 1,500, with selection posts on Rs. 1,750—10—2,250; the period of probation would be three years. The Hon'ble Mr. Mudaliyar (Madras) said that Madras did not propose to go up to Rs. 1,500. They proposed to have one service with a maximum of Rs. 1,250.

14. The Hon'ble Mr. Rao (Central Provinces) said that the Central Provinces Government wanted to allow an appeal outside the province to the Public Services Commission on a certificate given by the Governor. The Home Secretary said that this point had been carefully considered and the Government of India thought that the proposal was impracticable. It was proposed to allow an appeal to the Governor, who was at liberty to consult the Public Services Commission.

15. The Home Secretary also stated that the Government of India had attempted to introduce as much elasticity as possible in the treatment of menials, but that section 96-B. (2) of the Government of India Act was a difficulty. It was the present intention to confine the Classification Rules to persons who could properly be regarded as being members of services; but this would not exclude certain classes of menials in permanent employment.

16. The Conference next considered the report of the Committee on the Agricultural and Veterinary Services (Appendix III). The Hon'ble Mr. Mudaliyar (Madras) considered that the method of recruitment from Class II to Class I of the new provincial services should be uniform in all departments. The Hon'ble Maulvi Saiyid Saadulla (Assam) thought that steps should be taken to prevent one province enticing

away officers from another province The Chairman said that uniformity was an ideal but no definite formula was possible. The matter had been discussed at the first meeting and he did not think that it was possible to take the discussion further at the present Conference.

17. Mr Craik (Punjab) asked why the Committee recommended that a judicial officer should be included in the Selection Board. It was explained that this was the opinion of the representatives of the United Provinces and the Central Provinces, and that it was not the recommendation of the Committee as such.

18. The report of the Committee on the Engineering Services (Appendix IV) was next discussed.

19 In reply to Mr. Astbury (Punjab), the President of the Public Services Commission stated that the Commission were in a position to conduct a technical examination, if so requested

20. The Hon'ble Mr. Deshmukh (Central Provinces) wished to explain his position, as he was responsible for a number of minutes of dissent. The Central Provinces Government proposed to have two branches of their Engineering Service, whereas the Sub-Committee recommended one only. He was bound therefore to disagree fundamentally. His detailed criticisms of the recommendations of the Committee must not be taken to imply that the Central Provinces Government had given up the idea of having two branches.

21. The Chairman then asked the Conference whether there were any other general subjects which the members would like to discuss. In reply to the Central Provinces representative, the President of the Public Services Commission stated that the consent of the Government of India was necessary before the Public Services Commission could give assistance to the Provinces; subject to that, he believed that it was the desire of the Commission to give all the help in its power in every direction. The Home Secretary said that so far as the Government of India were concerned, they had to consider how far the Commission would have the time, its primary concern being the All-India and Central Services.

22. Mr. Wiles (Bombay) said that in Bombay the intention was, when the new Provincial Services were started, somewhat to reduce the pay of the existing provincial services. He asked whether this was the intention in other Provinces. It appeared that it was not.

23. The Hon'ble Sir William Keith (Burma) raised the question of the pay of Heads of Departments. Mr. Ansorge (Bihar and Orissa) said that this question was connected with the creation of selection grades above the time scale. The Hon'ble Rai Rajeshwar Bali (United Provinces) and the Hon'ble Maulvi Saiyid Saadullah (Assam) said that for the immediate future it did not seem necessary to fix the pay of Heads of Departments, as such posts would not for some years be held by members of the new services. Sir William Keith pointed out however that it was desirable to fix the pay of the Heads of Departments.

at once, as recruits to the new services would want to know their prospects.

24. The Chairman then asked the members of the Conference whether they desired that a short non-Committal summary of their proceedings should be given to the Press. The Conference agreed that the provisional conclusions should not be published, but that there was no objection to the publication of short summary of the subjects which had been under discussion.

25. A number of the Ministers present expressed the opinion that the conference of Ministers had served a very useful purpose and that it should be repeated on future occasions. The Chairman stated that the Government of India would no doubt take careful note of the Ministers' wishes in this matter.

APPENDIX I.

Report of the Committee appointed to consider the questions of Leave, Pension and Provident Fund.

Mr. W. R. Tennant, Additional Deputy Secretary to the Government of India, also attended the meeting.

2 The Chairman suggested that the Committee should take up questions dealing with the subjects which had been referred to it in the order in which they appeared in the Agenda paper for the Conference! This suggestion was adopted.

3. *Passages.*—The Committee considered that although the question of passages had not been specifically referred to it it might reasonably be held to fall within the terms of reference. The question falls into two parts :—

(*a*) " Should officers of non-Asiatic Domicile be allowed periodical free passages " ; and

(*b*) " If so, on what scale " ?

The Committee considered that the first part of the qeustion should be answered in the affirmative, provided that the concession should be restricted to persons recruited directly and not by promotion to the new Provincial Services and that it should apply whether the recruitment took place in Europe or in India. The Committee considered that the extension of the concession to recruits of non-Asiatic domicile obtained in India is justified by the fact that it is occasionally possible to recruit in India for the technical Services Europeans who have come out to India under contract with a commercial firm and have acquired useful experience of the country.

As regards the second part of the question, the Chairman explained that in Burma it had been decided to grant to officers of non-Asiatic domicile appointed direct to the new Provincial Services in the Trans-

ferred Departments free single passages on recruitment and on retirement on retiring, superannuation or invalid pension, together with four return passages for the officer himself and for his wife and a single adult passage for each child. It was pointed out that this concession is in excess of the concessions admissible to members of the All-India Services. The Committee, while recognising the justification for a final passage home on retirement or on leave preparatory to retirement, felt itself unable to recommend any concession in excess of that admissible to members of the All-India Services under the proposals of the Lee Commission. The question was raised whether this concession should apply to officers engaged on contract for service in a Transferred Department. The Committee decided that passage concessions to such officers should be provided for by the terms of the contract.

4. *Leave*—The Committee next proceeded to consider the question of the leave admissible to members of the new Provincial Services and arrived at the following conclusions:—

(a) That the leave rules for the new Provincial Services in the Transferred Departments should be the same as the leave rules for the Provincial Services in the Reserved Departments; and

(b) that the rules should, as far as possible, be uniform throughout India.

The Committee considered that the attainment of uniformity would be facilitated by the publication at as early a date as possible of the revised Fundamental Rules on the subject which are under preparation by the Government of India. The Committee recognised that the differences in local circumstances of the various Provinces would probably necessitate local modifications of any standard set of rules but it thought that such modifications were unlikely to be so extensive as to detract appreciably from the obvious advantages of basing the Provincial Rules on a common model.

The question entered in the Agenda paper includes the leave terms for members of the Sub rdinate Services and menials. The Committee felt that the question of Rules applicable to these classes was outside the strict terms of reference and decided to make no recommendation in respect of it

5. *Pensions.*—The Committee then proceeded to consider the questions relating to pensions. These questions are:—

(1) (a) "Should pensions be on the existing system or should Government aided Provident Funds be substituted"?

(b) "If so, for what services"?

(2) (a) "If the existing pension system is to be retained on what scale should it be given"?

(b) " What should be taken as the model Rules—the Rules of the Civil Service Regulations or the Draft Fundamental Pension Rules " ?

(c) " If the latter Rules are followed, should the three years average be *retained for calculating* pensionable pay or twelve months average be taken " ?

The Committee's conclusions regarding these questions were as follows :—

(1) (a) and (b) *All new entrants, other than menials, into Government* service in the Transferred Departments should be required on appointment to choose between—

(1) a *pension on the existing system ; or*

(2) a Government-aided Provident Fund ; or

(3) a combination of (1) and (2) consisting of half the pension admissible under (1) and a Government-aided Provident Fund with a minimum contribution of half the rate prescribed under (2), and without the option to commute any portion of the pension.

Such officers should not be eligible to contribute to the General Provident Fund.

The *Committee suggested* that the *same concession should be* extended to new entrants into Government service in the Reserved Departments with a view to secure uniformity.

(2) (a) and (b) The scale of pensions admissible to members of the new Provincial Services should be the same as the scale admissible to members of the Provincial Services in the Reserved Departments and the pension rules should as far as possible be uniform throughout India. The Committee considered that the attainment of uniformity would be facilitated by the early publication of the revised Fundamental Rules on the subject by the Government of India.

(2) (c) The three years average should be retained for calculating pensionable pay.

6. The Committee did not consider it necessary to deal with the terms of pension admissible to menials or to discuss separately the questions in the Agenda paper relating to pensions for the Educational Services.

7. The members of the Committee desired to place on record the fact that owing to the late receipt of the Agenda paper the questions raised in it have not been examined in their respective Secretariats or considered by thier respective Governments. The conclusions recorded in this report are therefore the personal opinions of the members of the Committee and do not necessarily represent the conclusions of their Governments. In the case of Burma the decision of the local Government has been taken on the questions dealt with and is not likely to be modified.

APPENDIX II.

Report of the Committee appointed to consider the pay, etc., of the new Provincial Educational Services.

A.—ORGANISATION.

(1) General.

(1) (*a*) It was agreed that there should be two classes of Provincial Services, one a new superior provincial service, that the new superior provincial service would not necessarily be of the same number as the present Indian Educational Service, that existing members of the Indian Educational Service will remain members of that service but will hold posts in the superior provincial service.

(*b*) No.

(*c*) Yes, the appointment of specialist officers will be necessary. (A specialist officer will be a man with special knowledge on a certain subject.) Such specialist officers would be eligible for other posts in the Department. Special posts should be those which it is impossible to include in the ordinary cadre.

(2) Answered mainly in the answer to question (1). It will depend on the posts to be put in the superior service and those to be merged in the Provincial one.

(3) Generally recruitment should not be by contract. Even Professorships should normally be on the cadre. But contracts must be taken for specialist posts, whether for long or short periods.

(4) Will be discussed after dealing with scales of pay.

(5) Opinion was equally divided whether the seniority of officers should be determined by the date of entry into the service or by the rate of pay at the date on enrty.

Education.

1. As regards this question Mr. Littlehailes on behalf of the Government of India expressed himself ready to be asked any questions about the letter but none present had anything to ask.

2. Mr. Littlehailes explained that at present the post of Director of Public Instruction is outside the cadre of the Educational Services in all Provinces, but that an Indian Educational Service man had first claim to the appointment. It was agreed that this system should continue in the meantime, and that, generally speaking, the post should be filled by a member of the Indian Educational Service or later by a member of the Superior Provincial Educational Service.

3. It was agreed that such posts should be declared 'special' posts and be paid at special rates of pay according to requirements.

4. Mr. Oaten explained the difficulty of defining the posts to be filled by Europeans, but said that there were some professorial posts, that obviously might advantageously be so filled. It was suggested that the following posts might be so classed :—

(a) Professors of English,

(b) Inspector of European Schools,

(c) Headmasters of Residential High Schools and Intermediate Colleges,

(d) Professors of subjects little advanced in India,

(e) A European element in the Inspectorate.

This was accepted as a good guide, but would not be binding for any particular Province or for any particular post.

B.—Nomenclature.

1. This was thought unnecessary.

2. It was thought advisable not to have such terms as "superior" [illegible] the two classes in the Provincial [illegible]

C.—Recruitment.

1. It was agreed that recruitment should be by nomination and promotion from subordinate Services. The Hon'ble Mr. Bali explained that in the United Provinces they contemplated a system of competition for the provincial appointments as they gave appointments to the two men who passed out first from the Training College. It was, however, pointed out that this was rather reservation of appointments than competition. Considerable differences were found in the present procedure in the Provinces. While the United Provinces appoint a special *ad hoc* Committee for each case, other Provinces have permanent Selection Committees or Boards. Generally it was agreed that there should be permanent Selection Boards for the Education Service alone and not one Board for all Services; and that this Board should have power to call in other Advisers. It was agreed that this would be a better Selection Committee than that composed *ad hoc* for each appointment. It was further agreed that the Minister should not be on this Committee. The local Government would appoint the President and lay down the procedure for his guidance.

It was held that no proportion should be prescribed for recruitment from each source, but all agreed that both the sources—nomination or promotion—should be kept open.

2. It was generally agreed that, as far as possible, there should be uniformity between the Provinces as to the qualifications for admission

to the Educational Services. The following formula had been adopted by the Punjab :—

(i) and (ii) "Candidates for direct recruitment must ordinarily possess a University degree but, in selecting candidates, experience in educational work shall be regarded as important. Weight shall be given to the possession of (*a*) a doctorate in research, an M.A. or M.Sc. degree with honours or other academic distinctions, (*b*) training in recognised educational *training institutions* and (*c*) *qualifications in special subjects* depending on the nature of the vacancy to be filled In selecting candidates for inspecting appointments importance shall be attached to linguistic talent, capacity for organisation and knowledge, practical or theoretical, of educational methods".

It was held that this would be a convenient standard to be worked up to as a possible minimum.

(iii) It was not desirable to insist upon European qualifications.

(iv) No national or residential qualifications would be required for admission to the new Superior Services.

(v) It was agreed that recruitment to the various Provincial Services should not be restricted to Indians domiciled in a Province, but it was understood that ordinarily residents of a Province would be recruited for the Services in that Province.

3. Does not arise.

4. Already discussed in question 2.

5. As such appointments by promotion from subordinate services must be considered by a Selection Board, it was agreed that the Head of the Department would be the proper person to make recommendations to this Selection Board.

6. Does not arise.

7. It was held that it was not possible to secure a definite proportion of European officers, and that the question of recruiting a European or a non-European must be decided in each case. Though this was the general agreement, there was a feeling amongst the majority of those present that an attempt should be made to retain an element of European officers in the Superior Provincial Services not only in the professoriate, but also in the Inspecting and administrative branches.

8. It was agreed that European recruitment should not be limited as proposed.

9. The conditions of recruitment would depend on the post in question. Recruitment should be by advertisement, and the names of Europeans in Europe should be forwarded to the local Government after

consideration by a Committee in Europe. Further, whether such officers should be admitted to the cadres of the Services, would depend on the circumstances in each case, but it is hoped that normally they would come on the cadre.

10. It was agreed that ordinary methods of recruitment would suffice for posts requiring technical qualifications.

11. Does not arise.

D.—Probation.

It was agreed that there should be a period of probation and that this should be two years.

E.—Pay and Conditions of Service.

1. *The following are the scales of pay for the new Superior Provincial* Services, which are tentatively put forward by the various Provinces :—

Bengal—

Basic pay 300—50—1,200. Efficiency bars at 800 and 1,000.

Overseas pay varying from £20 to £35.

Selection grade of about 10 per cent. 1,250—1,500.

Central Provinces—

Basic pay 400—50—1,250. No efficiency bar and no Selection grade.

Overseas pay as before.

Special allowances for D. P. I. and Deputy D. P. I.

Bihar and Orissa—

Basic pay 360—40/2—600—40—1,000. Efficiency bar at 600. No Selection grade. Overseas pay as at present.

Assam—

350—1,250 extending over a period of 25 years. Efficiency bar 750. No Selection grade, but some special allowances, for instance, for Principals of Colleges.

Punjab—

400—50—600—50—1,000—50—1,250. Overseas pay varying from Rs. 150, 250 and 300 convertible @ 2*s*. a rupee. Lower Selection grade not more than 15 per cent. of the Service 1,250—50—1,500, Senior Selection Grade not more than 5 per cent. of the Service 1,550—100—1,750.

Bombay—

400—40—1,000. Nothing decided about efficiency bar, but probably no Selection grade.

United Provinces—

350—40—800—50—1,250. Efficiency bar at 1,000. No Selection grade. Overseas pay as at present.

Women's Service.

Bengal—

300—25—800.

Overseas pay £15, £25, £30.

Possibly one Selection post.

Central Provinces—

400—25—850—900—25—950—50—1,050.

Overseas pay as usual.

Bihar and Orissa—

325—15—475—25—750. Efficiency bar 475.

Assam—

400—1,050 spread over 25 years with local allowance.

Punjab—

400—25—850.

Overseas pay at Rs. 100, 135 and 150.

Cadre includes one special post of 1,050—1,250.

Deputy Directoress of Public Instruction.

College Principal gets duty allowance.

Bombay—

350—25—400—40—800.

United Provinces—

One post 350—25—850 with Overseas pay at Rs. 150.

Pay of Director of Public Instruction.

Bengal—

2,500—100—3,000, present pay.

Central Provinces—

1,750—100/2—2,250.

Bihar and Orissa—

1,500—75—1,800.

Assam—

Grade pay *plus* allowance of Rs. 750.

Punjab—

2,250—100—2,750.

Bombay and United Provinces have not considered this pay. Several Provinces pay the Deputy Director an allowance of Rs. 150 over grade pay.

2 The pay of all new Provincial Services should not be identical. They cannot be.

3. Was thought to be a matter for the general Committee.

4. Was not considered.

5. The initial pay of officers appointed by promotion should be fixed by the existing practice, the officers getting the pay of the grade next above them.

6. The initial pay should be by age up to 30 and beyond.

It was generally held that the limit of 30 years was too low. There should be no special scale for officers possessing European qualifications.

7. Overseas pay should be granted as noted in the answer to Question 1. If they are employed on special contract terms, it is not possible for the Committee to lay down the minima and maxima.

8. The Sub-Committee did not consider the question acute.

F.—CONDUCT AND DISCIPLINE.

1. The local Government should be vested with the internal discipline of the Department and power of punishment of the Provincial Service. It is not necessary to have external safeguards against the risk of political influence.

2. No appeal should lie outside the Province in case of dismissal.

G.—MISCELLANEOUS.

1. It is unnecessary to consult the Public Service Commission about the schemes for the new Superior Services.

2. It was not thought necessary to regulate appointments and conditions of service of menials, etc., by statutory rules.

APPENDIX III.

Report of the Committee appointed to consider the pay, etc., of the new Provincial Agricultural and Veterinary Services.

A.—ORGANISATION.

1. (*a*) and (*b*) The opinion of the sub-committee, with the exception of the Madras representative, is that a new superior provincial service should be constituted to replace the existing Indian Agricultural Service, the existing provincial service being retained on its present basis. The Madras proposal contemplates the constitution of a single provincial service on a pay from Rs. 300 to 1,200 per mensem; it is considered possible in that province to obtain on this rate of pay suitable candidates with even European qualifications. The majority in the committee, however, noted that the scheme proposed in Madras raises the present pay of the existing provincial service and may therefore prove more expensive on the whole than a superior service on a special rate of pay combined with the existing provincial service.

(*c*) It is contemplated that specialist posts involving higher scientific qualifications will be provided in the new superior cadre. Special posts will be necessary. Officers holding such posts should be eligible for appointment to other posts in the Department provided they are otherwise generally qualified. The classification of posts as specialist or special posts depends on the functions to be performed and it is impracticable to lay down principles. Some provinces, for example Central Provinces and Bihar and Orissa contemplate a special post of Agricultural Engineer, while Bengal provides for a special post of Diarist. The United Provinces on the other hand contemplate that it may be necessary to treat the heads of various scientific branches such as Agricultural Chemist and Botanist as specialist appointments on special terms to enable experienced men of high qualifications to be recruited to guide and train the younger men.

2. The sub-committee has no definite opinion on the disposal of the existing all-India posts It considers that opportunity may be taken of the reorganization to exchange posts between class I and class II according to their responsibility and importance. Subject to this, the posts should be included in class I of the new provincial service.

3. Recruitment to the Agricultural Department generally should not be on contract. In appointments of special character which cannot be satisfactorily recruited by the ordinary means appointment on contract may be necessary. It was mentioned, for example that Bihar and Orissa contemplates recruiting to certain Veterinary college posts by contract in the first instance, these posts later to be provided in the ordinary cadre. The committee has no special recommendations for the terms and conditions of contract.

4. The general opinion is against having selection grades in the services. The Central Provinces contemplates selection grade posts

as in the time-scale of 1924. The Punjab contemplates a certain percentage of the ordinary cadre in higher stages of the time-scale from 1,250 to 1,750. United Provinces similarly contemplates a percentage of the cadre on special pay above the ordinary cadre. Madras contemplates a higher selection of the time scale on 900 to 1,200.

Promotion to the selection grade, if provided, should be governed by seniority tempered by selection.

5. There is no agreement on the general principles for regulating the seniority of officers promoted from lower services to the new superior services, but it is felt that the same principles should be applied in all Departments. Bihar and Orissa favours the present system, which regulates seniority by the date of promotion to the higher service. It is felt however that in the new services it may be convenient to fix senority by reference to pay in the time-scale; but no definite conclusion has been arrived at.

B.—NOMENCLATURE.

The sub-committee considers that the most suitable term for the new superior provincial service is Class I, the existing provincial service being described as Class II. The term 'provincial' as applied to services will thus be eliminated. It may be noted that a suggestion was made in favour of adopting the term 'division' as being more neutral than the term 'class,' but the former is considered more suitable. The question of standard and uniform designations within the services of provinces for corresponding posts has not been examined.

C.—RECRUITMENT.

1, 4 and 5.—Recruitment by competitive examination in the Agricultural Department is impossible. Opinions regarding the method of selection vary. Madras contemplates a Public Service Commission. Other provinces favour the constitution of selection boards. Bengal is in favour of a single selection board for all departments. The Central Provinces contemplated utilising the Public Services Commission for selection to superior services if other provinces were agreed to adopt the same medium; otherwise in the Central Provinces a suggestion had been made to constitute a permanent selection board which would consist of the requisite non-official and official elements together with a judicial officer to which departmental officers would be co-opted when appointments in a particular department were to be made. United Provinces would have a separate board for each department. It is considered that where permanent selection committees at present exist they meet the requirements of the permanent selection boards.

All provinces are agreed to provide for promotions from the lower services to the new superior services. There is no agreement as to the definite proportion of posts to be so recruited, one province contemplated 25 per cent. and another 50 per cent. It is generally agreed that it is better to prescribe a maximum of posts that may be so recruited rather

than a minimum that must be filled by promotion. There is no agreement as to the method of selection or promotion. One province prefers to utilise the same board as for direct recruitment while another contemplates a stronger representation of the department concerned, while another would leave such selection in the hands of the head of department if the rules will permit.

2. (i), (ii) and (iii).—The minimum standard of educational qualification for the Agricultural service class I should be an honours degree of a University or an equivalent diploma in Agriculture or qualification of equal status *and* two years postgraduate training at a recognised institution in Europe or America or India where adequate provision for such training exists. It is desirable to prescribe the same qualifications for recruits as in the present rules for the all-India Agricultural service provided that Indian qualifications be accepted when equivalent to the European qualifications laid down.

(iv) and (v). The general view is that all things being equal, candidates domiciled in the provinces must have preference over outsiders. The Central Provinces however contemplated recruitment on an all-India basis to the superior service if other provinces followed a similar principle.

6. Pending the issue of rules the present system of temporary appointments may be continued.

7 and 8. The general opinion is that it is not necessary to fix a definite proportion of European officers in the Agricultural department. The Punjab, however, favours a definite proportion of such recruits. Though no definite conclusion appears to have been arrived at regarding such recruitment, the general opinion i[illegible] on qualifications subject to the [illegible] tioned above. It is not considere[illegible] ment to technical posts, which should be filled in accordance with qualifications, and it may conceivably be desirable to appoint European recruits to administrative posts.

9. The Punjab would admit European recruits to the regular cadre on a special allowance. Other provinces have not considered the matter. *It is noted that if special recruitment is to be made on contract to higher* posts, it may be difficult to prescribe for this in the rules and that any such provision may affect the prospects of officers directly recruited. The Committee is unable to lay down particular posts as posts to be filled on contracts.

10. If special recruitment is required for particular posts requiring technical qualifications, it is considered that the best method is by open competition for posts on definite contract terms.

D.—Probation.

The opinion of the Sub-Committee is in favour of a period of probation not exceeding two years. The suggestions of various provinces

vary from one year to three years for direct recruits, and one province even contemplates one year's probation for officers promoted from the lower service. The latter is not considered necessary as such promoted officers may be reverted, if proved to be unsatisfactory.

E.—Pay and conditions of service.

Pay.

1. The general opinion of the sub-committee is that scales of pay in the various provinces for corresponding services should be uniform so far as possible, as this arrangement will obviate unwholesome competition and lessen the risk of service discontent. It is, however, observed that conditions in the various provinces vary widely, for example in Bengal and the Punjab. It was represented that Bengal might find it necessary to adopt a higher scale in order to secure the type of officers required, while in the Punjab the scope for the department is so large and the improvements effected have been so fruitful that the province is prepared to adopt a liberal scale to attract and retain a skilled service. There is a consensus of opinion in favour of retaining the present pay of the existing provincial service, which ranges generally from Rs. 250 to 750. For the new superior, or class I service, there is general agreement that for the ordinary scale the minimum might be about 350 (on the assumption of recruitment about the age of 25) rising to a maximum of 1,200 or 1,250.

In the Central Provinces it had been provisionally decided to follow in the main the scale laid down as basic scale in the Superior Civil Service Rules of 1924.

The question of providing for a selection grade is considered in A. 4 above; the scale proposed for the Punjab provides for a percentage of posts on pay rising from Rs. 1,250 to Rs. 1,750 which is equivalent to a selection grade.

2. It is agreed that it is desirable to equalise as far as possible the pay and prospects of all class I services. At the same time it is recognised that for technical services, such as the agriculture, veterinary and engineering it may be necessary to fix a somewhat higher scale than the others.

3. (*a*) Special pay should be fixed for heads of departments; it should be something higher than the highest pay in the time-scale.

(*b*) The pay of heads of departments should differ according to the responsibilities and magnitude of the activities of the department concerned. No definite conclusion has been arrived at regarding the actual pay of the various heads of departments. It is agreed however that if the pay of the new superior services be reduced below the basic pay of 1924, the pay of the heads of departments should be proportionately reduced.

4. It is agreed, as stated above, that the pay of the existing provincial service may be retained as it is, and therefore there is no case for revising the pay of similar services and subordinate services in the reserved departments.

5. The opinion of the majority of the sub-committee is that the initial pay of officers appointed by promotion from the lower services should be fixed in accordance with the present rule, that is, at the stage in the superior scale next above the present pay of the officer concerned. The Bihar and Orissa Government, however, favours the adoption of the principle that officers promoted should receive the pay of that stage in the time-scale to which they would have attained had they been in the superior service at the outset.

6. (*a*) It is agreed that local Governments should retain power to fix the initial pay of directly recruited officers so as to provide for officers recruited after the age of 25 who have taken advanced courses or hav· otherwise obtained special experience.

(*b*) The general opinion is that officers possessing European qualifications should be placed on the ordinary scale prescribed for the superior service.

7. There is a consensus of opinion in favour of granting overseas pay to Europeans appointed to the new superior service. A scale rising from Rs. 150 to 300 is suggested, or advance increments, as suggested by Madras.

It is considered impossible to lay down special contract terms which must vary in individual cases according to the qualifications required and the duties to be performed. Standards of pay for Europeans so engaged cannot be laid down, but must be determined by the market rate prevailing.

8. It is felt that there should be an understanding between provinces that they should not attempt to attract men in the service of one province to resign that service for another province, but it is felt that this is a matter of policy more suitable for discussion by the conference as a whole.

9. *Passages.*—For officers of non-Asiatic domicile recruited on special contract terms provision should be made in the contract for periodical free passages. The scale of such free passages will naturally form part of the terms upon which the contract is arranged and must vary in individual cases according to the nature of the contract. In the case of officers of non-Asiatic domicile recruited on the ordinary scale *plus* overseas pay it is considered that periodical free passages should be allowed but no scale has been arrived at.

Veterinary Department.

The opinion in the Sub-Committee is that the principles adopted for the Agricultural Department may generally be applied to the Veterinary Department and that similar scales of pay may be fixed.

As regards recruitment, it is agreed that the qualifications for admission to the Superior Veterinary Service should be the M. R. C. V. S. (England) followed by training at Muktesar. An alternative, contemplated by one province, is that when an Indian qualification can be recognised as equivalent to the above, this also may be prescribed, to be followed by special veterinary training in England.

The general questions of Conduct and Discipline and Miscellaneous were not dealt with as it was felt that these were matters suitable for discussion in the general conference.

APPENDIX IV.

N. B.—The lettering and numbering correspond with those in the printed agenda.

Report of the Sub-Committee appointed to consider the pay, etc., of the New Provincial Engineering Service.

A.—Organisation.

(i) *General.*

(*a*) and (*b*). The provincial engineering service should be a single service in which there should be assistant engineers, executive engineers, and administrative posts. The cadre of the assistant engineers should be equivalent to the number of sub-divisional or similar charges together with such leave and training reserve as may be deemed necessary. The cadre of executive engineers and administrative officers should be equivalent to the number of divisional and administrative posts.

(*c*) The appointment of specialist officers will be necessary, but such officers should not be eligible for appointments to posts in the Department other than those for which they were recruited.

Any post which is not classified as a provincial post or a subordinate post is a special post.

2. See reply to paragraph A. 1.

3. Officers recruited to special posts should be appointed on a contract basis. Officers directly recruited as executive engineers (as recommended in paragraph C.) should also be appointed on a contract basis for the first five years of service and if their service is continued it should be on a permanent basis for which no separate contract is necessary.

The general lines of existing contracts for special posts are suitable. If the duties of the special post for which the officer is recruited are of a continuous nature, and are not concerned with a particular work likely to last only for a limited period, and the service of the officer is continued beyond the initial five-year period he should automatically become permanent.

4. There should be no selection grades in the engineer services.

5. See recommendation in paragraph C. 2.

B.—NOMENCLATURE.

1. Standard and uniform designations should be adopted as far as practicable.

2 There should be one service only as recommended in paragraph A. 1, and the need for such terms as "superior" and "inferior", etc., will not arise.

C.—RECRUITMENT.

1. *Recruitment of assistant engineers.*—A proportion of the appointments of assistant engineers should be made on the results of an annual competitive examination held by the local Government and to remedy insufficient representation of tracts, communities or classes the balance of the appointments should be made out of the successful candidates by a selection committee appointed by the local Governments. Should the number of candidates exceed say ten times the number of vacancies the selection committee would interview the candidates and eliminate the excess before the examination.

1st Note of dissent.—The representative of the Central Provincet would not institute any examination for the appointmens of assistant engineers.

2nd Note of dissent.—The representative of the Punjab thought that the local Government would experience great difficulty in conducting a high-standard technical examination and therefore preferred to employ the Public Services Commission or some other body properly equipped for the purpose.

Recruitment of executive engineers will ordinarily be by promotion of the best qualified assistant engineers, but local Governments may at their discretion reserve a proportion of posts of executive engineers to be filled by the direct recruitment of officers having the special European qualifications defined below—

The basis for promotion of assistant engineers should be the annual recommendation record. The Chief Engineer should submit his recommendation to Government for approval. An assistant engineer would be eligible for selection between his sixth and fourteenth year of service not including his apprentice year. He should take his seniority on appointment of executive engineer after the last executive engineer appointed. During the first five years of his service an executive engineer so promoted should be liable to reversion under the orders of the local Government in the event of his record not coming, in the opinion of the Chief Engineer, up to the standard required.

Officers directly recruited as executive engineer should be appointed by the High Commissioner aided by a selection committee. The candidate should be of good moral character and sound bodily health and in the opinion of the High Commissioner and of the *Selection Committee in all respects suitable to hold the appointment* of executive engineer. He should be required to prove his value in the open market by producing evidence of at least five years' practical experience of civil engineering works in Europe. His age on August 1st should not be above 30. He should take his seniority on appointment after the last executive engineer appointed. (See also paragraph A. 3)

Note of dissent.—The representative of the Central Provinces would not have appointment in London but would have instead a competitive examination held in India by the Public Service Commission. He would however accept the recommendation of the majority of the Sub-Committee as an alternative if his proposal failed to secure sufficient European candidates and if any local Government at any time decided that a certain proportion of Europeans in the service was necessary in the interest of efficiency.

2. There should be uniformity between the provinces as to the qualifications for admission to the provincial engineer service—

(i) A minimum standard of technical qualifications should be laid down.

(ii) It is desirable to have the same academical and technical qualifications for recruits to the provincial engineer service as for those in the All-India Services under the existing rules.

(iii) See paragraph C. 1 of this report.

(iv) and (v) These should be left for each local Government to decide.

3. See paragraph C. 1 of this report.

4. The duties and constitution of the Boards of Selection should be left to the discretion of local Governments, but expert opinion of the Provincial Engineer Service concerned should be represented.

5. See paragraph C. 1 of this report.

6. Recruitment under the existing rules to the existing provincial engineer service should continue and recruitment otherwise should be on a contract basis.

7. The matter should be left to the discretion of the local Government.

1st Note of dissent.—The representative of Bengal recommended that of the number of posts reserved for candidates having European qualifications a definite proportion should be reserved for Europeans.

2nd Note of dissent.—The representative of the Central Provinces recommended that no proportion should be laid down.

8. See paragraph C. 1 of this report.

9. See paragraphs C. 1 and C. 7 of this report.

10. See paragraph C. 1 of this report.

D.—Probation.

1. The present period of probation for appointment as assistant engineer should hold good.

E.—Pay and Conditions of Service.

Pay.

1 The existing provincial scale for assistant engineers and the existing Indian Service of Engineers scales for executive engineers should be maintained, the initial pay for executive engineers being fixed at that corresponding to the sixth year of service or age 27.

Note of dissent.—The Bengal representative mentioned that special scales had already been drawn up by his Government on the basis of two separate provincial engineer services and he therefore could not commit himself to any other scale without further consultation.

2. As the conditions in the various services vary widely from each other an attempt to bring all of them on to an uniform scale of pay should not be made.

Note of dissent.—The representative of the Central Provinces and of the United Provinces would, as far as possible, have the same pay for all provincial services.

3. There can be no fixed relationship between the pay of Heads of different departments.

4. See reply to paragraph E. 1 of this report and note of dissent to paragraph E. 2.

5. See reply to paragraph E. 1 of this report, but there should be no promotion from the subordinate service to the post of assistant engineer.

6. (i) See reply to paragraph C. 1 of this report.

(ii) There should not be a special scale for officers possessing European qualifications.

7. Europeans should be granted overseas pay in addition to the basic pay of the post, and on the present scales. The questions of special contract terms, and of standards of pay do not arise.

8. Abstention from selection should be left to the good sense of the Provinces.

9 and 10 do not concern this sub-committee.

G.

The subject being of a general nature should be dealt with by the main committee.

H.

1. The Public Services Commission should not be consulted.
2. *See reply to paragraph G. of this report.*

APPENDIX III.

GOVERNMENT OF BURMA.

FOREST DEPARTMENT (MINISTRY OF FORESTS).

The 17th July 1928.

No. 193.—In exercise of the powers conferred by Rules 3 (1) and 4 (1) of the Civil Services (Governors' Provinces) Delegation Rules, 1926, made by the Secretary of State in Council under section 96B of the Government of India Act, the Government of Burma (Ministry of Forests) hereby makes the following rules regulating the method of recruitment to, and the conditions of service and pay of, the Burma Forest Service, Class I:—

PART I.—*General.*

…rt Title. 1. These rules may be called the "Burma Forest Service (Class I) Rules."

…tus and …ctions of … Service. 2. The Burma Forest Service, Class I, is a Provincial Service constituted for the purpose of gradually replacing the Indian Forest Service in Burma.

…finitions. 3. In these Rules, unless there is anything repugnant in the subject or context—

(a) "*The Service*" means the Burma Forest Service, Class I.

(b) "*Member of the Service*" means a Government servant appointed in a substantive capacity under the provisions of these Rules, to a post in the cadre of the Service. It does not include a member of the Indian Forest Service or an Extra Deputy Conservator of Forests.

(c) "*Student-probationer*" means a person selected for appointment to the Service who is required to pursue a course of study in Forestry at a University before becoming a member of the Service.

PART II.—*Cadre.*

4. The sanctioned strength of the Service is as follows :—

Chief Conservator of Forests	1
Conservators	9
Deputy and Assistant Conservators of Forests	103
to provide for the following posts,—	
Chief Conservator of Forests	1
Conservators	9
Divisional Forest Officers	45
Personal Assistant (to Chief Conservator of Forests and to Conservator, Working Plans and Research)	2
Divisional Assistants	8
Teaching	4
Working Plans	10
Research	8
Utilization	2
Game Warden	1
Leave and Training Reserve	23
Total	113

Provided that the actual strength of the Service shall be limited to the number of posts by which the total sanctioned cadre of the Service exceeds the number of members of the Indian Forest Service and Extra Deputy Conservators of Forests for the time being borne on the Burma establishment, but excluding from this calculation any member of the Indian Forest Service or Extra Deputy Conservator of Forests holding an India list post.

PART III.—*Recruitment and Training.*

5. (1) Recruitment to the Service shall be made by the local Government :— Sources o Recruitn

(i) By direct appointment on the advice of a permanent Board of Selection :—

(*a*) In London, and

(*b*) In Rangoon.

(ii) By promotion of Extra Assistant Conservators of Forests.

(2) Notwithstanding anything contained in these rules, the previous sanction of the Governor-General in Council shall be required to the making of first appointments to the Service otherwise than (i) on the [illegible] on the advice of a permanent [illegible] Government or of the Public [illegible] lance with the provisions of section 96 (*c*) of the Government of India Act.

Selection in London. 6. Every candidate for direct appointment in London must have attained the age of 17 years and must not have attained the age of 20 years on the 1st August of the year of his selection and must be unmarried.

Selection in Rangoon. 7. Every candidate for direct appointment in Rangoon must have attained the age of 18 years and must not have attained the age of 24 years on the 1st August of the year of his selection and must be domiciled in Burma.

NOTE.—A member of the Burma Forest Service, Class II, if otherwise qualified, is not debarred from selection for direct appointment, and for the purpose of this rule may deduct from his actual age the period of his service in the Burma Forest Service, Class II, up to a maximum of six years.

Qualifications of Candidates. 8. Every candidate for direct appointment, whether in London or in *Rangoon, must, in addition to such documentary evidence as he may* be required to produce under the rules relating to the constitution of the Selection Board, furnish two references as to character and must satisfy such Board :—

(i) That he is likely to become a useful Forest Officer ;

(ii) That he possesses the qualifications necessary to admit him to the degree Course at a University in the United Kingdom prescribed for this purpose under Rule 10 ; and

(iii) That he is reasonably likely to pass the course.

Medical Examination. 9. Every candidate shall be required to appear before a Medical Board appointed by or under the orders of the Local Government and no candidate shall be finally selected as a student-probationer unless he obtains from such Medical Board a certificate of fitness in the prescribed form.

University Training. 10. Candidates selected as student-probationers will be required forthwith to proceed to such University in the United Kingdom and there to undergo such training leading to a degree in Forestry as may be prescribed by the local Government by notification in the *Burma Gazette*.

Stipends for student-probationers selected in Rangoon. 11. A stipend of such amounts as, having regard to the nature of the course to be taken, may be fixed by the local Government, shall be paid to every student-probationer selected in Rangoon. Provided that in the case of any student-probationer who being a Government servant is in receipt of leave salary such stipend shall be reduced by the amount of such leave salary.

Tours. 12. In respect of every student-probationer the actual expenses of any tour or tours which he may be required to undertake in connection with his course of training shall be paid by the local Government up to a maximum of one hundred and fifty pounds sterling. Provided that no payment shall be made under this Rule except on a certificate signed by the Director of the *Forest Institute at Oxford* or by such other person as the local Government may prescribe that the expenditure has been reasonably incurred for the purpose of such student-probationer's course of training.

13. On completion of the prescribed training every student-probationer will be appointed to the Service as an Assistant Conservator of Forests, on probation, provided : Appointment after training.

(a) That he has obtained a degree in Forestry,

(b) That he has acquitted himself satisfactorily during his course of training,

(c) That he has passed such further qualifying tests as may be prescribed. Such test may include the Systematic Botany of Burma or other subjects with a local application;

(d) That he is certified by a Medical Board or Medical Practitioner *appointed by or under the orders of the local Government* to be still physically fit for appointment to the Service; and

(e) In the case of a student-probationer selected in London that he is still unmarried.

NOTE.—As part of the test of physical fitness the student-probationer may be required to undertake a 25 mile walk.

14. Passages from Rangoon to and from the prescribed University shall be provided by the local Government for every student-probationer selected in Rangoon. Provided that the amount which the local Government shall pay in respect of any passage under this Rule shall be limited to the cost of one adult passage without supplement by the Henderson Line between Rangoon and the United Kingdom *plus* railway fares between the port of debarkation and the prescribed University at third class rates. Passages.

NOTE.—Passages for student-probationers selected in London on joining their first appointments in Burma are governed by the "Burma Travelling Allowance Rules" *published with Finance Department Notification no. 45, dated the 19th November 1927.*

15. Every student-probationer selected in Rangoon who, except *for reasons beyond his control, fails* to complete his course of training satisfactorily or becomes physically unfit for appointment or fails to join *the Service or to serve therein for a period of five years shall be liable* to refund to the local Government the full amount expended by it for his passages and training, and he may be required by the local Government to execute a bond with sureties in respect of this liability. Liability of *student*-probationer not taking up appointment or quitting it *in less than* five years.

16. Provided that duly qualified candidates are available $12\frac{1}{2}$ per cent. of the strength of the Service shall be recruited by promotion of Extra *Assistant Conservators of Forests.* Recruitments by promotion.

Explanation.—This percentage will be calculated on the full sanctioned strength of the Service as fixed in Rule 4 and not on the actual strength for the time being as limited by the proviso to that Rule; but members of the Indian Forest Service who were promoted thereto from the old Burma Forest Service and Extra Deputy Conservators of Forests will so long as they remain on the establishment be reckoned against promotions admissible under this Rule. In making the calculation one-half and over will count *as one and any less fraction will be neglected.*

Qualification for promotion.

17. No person shall be appointed under the last preceding Rule unless he is certified by the Chief Conservator of Forests as fit to hold charge of a major post of Research or to manage an average Forests Division.

PART IV.—*Probation.*

Period of probation.

18. The Rules in this part apply only to members of the Service recruited by direct appointment.

Period of probation.

19. Every member of the Service shall be on probation for a period of three years from the date on which he joins his appointment. During this period he will be required to pass such tests in Departmental subjects and, in the case of a non-Burman, in the Burmese language, as the local Government may, by notification in the *Burma Gazette*, prescribe.

NOTE.—Pending the issue of any notification under this Rule the test prescribed will be as for members of the Indian Forest Service.

Confirmation.

20. (1) Every member of the Service shall be confirmed in his appointment when—

(*a*) he has completed the period of probation prescribed in the last preceding Rule ; and

(*b*) he has passed all the tests prescribed for him under that Rule ; and

(*c*) the local Government is satisfied that he is fit for confirmation.

(2) Until confirmed under this Rule every member of the Service shall, unless his appointment is terminated, continue to hold his appointment on probation.

(3) All confirmations under this Rule shall be notified in the *Burma Gazette.*

PART V.—*Pay.*

21. (1) The following monthly rates of pay are sanctioned for members of the Service recruited by direct appointment :—

Age last birthday.	Pay.	Overseas pay. In sterling.
1	2	3
	Rs.	£
Not more than 23	300	20
24	350	20
25	400	20
26	450	20
27	500	20

Age last birthday.	Pay.	Overseas pay.
		In sterling.
1	2	3
	Rs.	£
28	550	20
29	600	30
30	650	30
31	700	30
	Efficiency bar.	
32	750	30
33	800	30
34	850	40
35	900	40
36	950	40
37	1,000	40
38	1,050	40
39	1,100	40
40	1,150	40
41	1,200	40
42	1,250	40
	Efficiency bar.	
43	1,300	40
44	1,350	40
45	1,400	40
46	1,450	40
47 and over	1,500	40

(2) The following posts when held by members of the Service shall carry the pay shown against each :—

Conservator of Forests, Rs. 1,750 by annual increments of Rs. 100 to Rs. 2,250 [*plus* Overseas Pay £25].

Chief Conservator of Forests, Rs. 3,000 [*plus* Overseas Pay £25].

NOTE 1.—The rate of pay on which [illegible]

NOTE B.—Overseas Pay is admissible only to members of the Service of non-Asiatic domicile recruited in London and is payable in sterling.

NOTE C.—The above scale having been fixed with reference to conditions in Burma, no Burma Allowance is admissible in addition. Other Local Compensatory Allowances are governed by the special rules relating to them.

Pay of promoted members of the service.

22. A member of the Service appointed by promotion shall draw as his commencing pay the rate shown in the last preceding Rule which is next above his substantive pay on the day preceding his promotion and shall thereafter draw annual increments in accordance with that Rule calculated from the date of his substantive appointment to the Service. He shall in addition receive as personal pay a sum sufficient to compensate him for any loss of pay which he would otherwise incur, such personal pay being absorbed in subsequent increments as they fall due.

Transitory provision for promoted members of the Service

23. As a temporary measure owing to the stoppage of promotion pending the constitution of Service the local Government may, in respect of any member of the Service appointed by promotion within two years of these Rules coming into force, sanction a rate of commencing pay higher than that to which he would be entitled under the last preceding Rule, such rate being determined so as to correspond with the point which he would have reached in the time-scale of the Indian Forest Service if recruitment for that Service had not been discontinued.

Failure to pass Departmental Examinations.

24. A member of the Service recruited by direct appointment shall not without the express order of the local Government become entitled to more than one increment of pay until he has passed all the tests prescribed under Rule 19 except the examination in Burmese by the Higher Standards; and he shall not, without a like order, become entitled to more than two increments of pay until he has passed all such tests. Provided that on passing, all such tests he shall be paid in accordance with his age and length of service.

Personal Pay for Junior Officer appointed to charge of a Forest Division.

25. A member of the Service holding charge of a Forest Division whose substantive pay is less than Rs. 750 shall unless the Head of the Department declares that he has been appointed only to discharge the current duties of the post draw as personal pay the amount by which his substantive pay is less than Rs. 750. Such personal pay shall be absorbed in subsequent increments as they fall due.

Efficiency Bars.

26. No member of the Service shall draw substantive pay at a higher rate than Rs. 700 unless the local Government is satisfied that he is fit to hold charge of an average Forest Division or a major post of Research; and no member of the Service shall draw substantive pay at a higher rate than Rs. 1,250 unless the local Government is satisfied that he is fit to officiate as a Conservator.

Special pay.

27. (1) Members of the Service holding the posts mentioned below shall draw the special pay noted against each :—

	Rs.
One Principal Forest Officer, Federated Shan States . . .	250
One Personal Assistant to the Chief Conservator of Forests . .	150
[illegible] .	150
[illegible] .	150
[illegible] .	100
[illegible] local Government from time to time), not exceeding	150

(2) The local Government may sanction to a member of the Service in charge of a Working Plans Party for the period spent on field work special pay not exceeding Rs. 100 per mensem.

PART VI.—*Grading.*

28. Assistant Conservators of Forests on probation on joining their first appointments in Burma shall be graded in accordance with their positions in order of merit on completion of their course of training at the prescribed University. Grading.

29. Members of the Service recruited by promotion shall take rank in the general list according to their substantive pay after promotion, *i e.*, next below the lowest directly recruited member of the Service who not having been granted on joining a rate of substantive pay higher than the lowest is drawing the same substantive pay as such promoted member of the Service.

30. Whilst drawing substantive pay up to and including Rs. 700 a member of the Service shall be styled " Assistant Conservator of Forests," and when drawing substantive pay at a rate in excess of Rs. 700 shall be styled " Deputy Conservator of Forests." Rank

Service.	All India Scale.	Madras.	Bombay.	Bengal.
Forest . .	Rs 325—50—725—E. B.—800—50—900—900—50—1,350 (O. P. Rs 150 to 300 or £15 to £30).	..	Rs 320—40—1,200 (O. P. £15 to £30).	..
Engineering . .	*Junior* —Rs. 375—50—525—525—50—625—625—50—975 *Senior.*—Rs 625—625—50—725—725—50—1,025—1,025—50—1,275—1,275—50—1,325—1,325—50—1,375 (O P Rs. 150 to Rs 300 or £15 to £30)	..	*Junior.*—Rs 320—40—400—400—40—520—520—40—800 *Senior.*—Rs 440—40—1,200. (O. P. £15 to £30).	*Assistant Executive Engineers (European)*—Rs 300—50—450—450—50—550—550—50—900 (*O. P. Rs. 225 to £35*) *Executive Engineers.*—Rs. 550—550—50—650—650—50—950—950—50—1,200—1,200—50—1,250—1,250—50—1,300. (O. P Rs 225 to £35).
Educational (Men's.)	Rs 400—50—600—600—50—1,000—1,000—50—1,250 Lower Selection grade Rs 1,250—50—1,500— Higher Selection grade — Rs 1,550—100—1,750 (O. P Rs 150 to Rs 300 or £15 to £30).	Rs 400—40—600—600—E B—50—1,200 Selection grade: Rs 1,250—50—1,500	*Rs 320—40—1,200* Selection grade: Rs 1,200—50—1,350 and Rs. 1,400—50—1,500. (O P. £15 to £30)	Rs 350—50—550—550—50—850—850—50—1,200. (*O P Rs. 200 to £35*) Selection grade: Rs 1,250—50—*1,500* (O. P. £35)
(Women's) .	Rs 400—25—850 Selection grade Rs. 900—25—950—50—1,050 (O P. Rs 100 and Rs 150).	*Rs 350—25—750* Selection grade: Rs 600—25—900—900—50—1,050		Rs 350—25—800 (O P. Rs. 200 and £20). Selection grade: *Rs 850—50—*1,000 (O P £20)
Agricultural .	*Rs 350—50—550*—550—50—650—E B—700—50—800—800—50—1,250. Selection grade: Rs. 1,250—50—1,500. (O P Rs. 150 to Rs. 300 or £15 to £30)	Still under consideration. Will be taken up along with Royal Commission's recommendations	Rs 320—40—1,200 Selection grade: Rs 1,200—50—1,350 (O. P. £15 to £30)	Rs. 300—50—550—650—50—800—800—50—1,200. (O P. Rs 200 to £35). Selection post o Director: Rs 1,350—50—1,600 (O. P £35)
Veterinary . .	Rs 350—50—550—550—50—650—F B.—700—50—800—800—50—1,250 Selection grade: Rs. 1,250—50—1,500. (O P Rs 150 to Rs. 300 or £15 to £30).	Rs. 350—50—1,200 Selection grade: Rs. 1,250—50—1,500.	*Rs 320—40—*1,200 Selection grade: Rs 1,200—50—1,350 (*O P £15 to £30*).	Not yet decided.
Medical .	Rs. 500 to Rs 1,850 according to rank (O. P Rs 150 to Rs 300 or £15 to £30)	..	Rs 400—40—1,200 Selection grades Rs. 1,200—50—1,350—1,400—50—1,500. (O P £15 to £30)	"Special posts" scheme under consideration

DIX IV.

United Provinces.	Punjab	Burma	Bihar and Orissa.	Central Provinces	Assam.
		Rs. 300—50—1,500 O P. £20 to £40 (Rules issued).	..	..	..
Existing All India Junior and Senior scales	Scale still under consideration—follows that for Railway service officers of Indian domicile Scale of overseas pay follows that of I. S. E.	Rs. 300—50—1,500. (O P. £20 to £40) (Rules issued).	Under consideration.	Rs. 375 rising to Rs. 1,250 in 24th year.	..
Rs. 360—40—800—50—1,050.	Still under consideration. Same rates proposed as for existing I. E. S.	Rs. 300—50—1,500. (O. P. £20 to £40)]	Rs. 360—40/2—600—F.B.—50—1,250. Rs 325—15—475—E B. 25—800	Rs. 350 rising to Rs 1,250 in 24th year.	Under consideration Rs 250—250—300—40/2—500—500—50—750—750—50—1,000. Selection grades, Rs 1,050—50—1,150—1,150—50—1,250. Scale still under consideration and may be altered after scrutiny.
Rs. 360—40—800—50—1,050	..	Rs. 300—50—1,500. (O. P. £20 to £40). (Rules issued)	Under consideration.	..	Ditto.
Rs. 360—40—800—50—1,050.	..	Still under consideration.	Under consideration.	..	Ditto.
..	..	..	Not at present contemplated.	..	..

Service.	All-India Scale.	Madras.	Bombay.	Bengal
Forest . .	Rs 325—50—725—E B.—800—50—900—900—50—1,350 (O P. Rs 150 to 300 or £15 to £30)	..	Rs 320—40—1,200 (O. P. £15 to £30)	..
Engineering . .	*Junior*—Rs. 375—50—525—525—50—625—625—50—975. *Senior*.—Rs. 625—625—50—725—725—50—1,025—1,025—50—1,275—1,275—50—1,325—1,325—50—1,375 (O P Rs 150 to Rs 300 or £15 to £30)	..	*Junior*.—Rs. 320—40—400—400—40—520—520—40—800 *Senior*.—Rs. 440—40—1,200. (O. P. £15 to £30)	*Assistant Executive Engineers (European)*—Rs 300—50—450—450—50—550—550—50—900 (O. P. Rs. 225 to £35) *Executive Engineers*—Rs. 550—550—50—650—650—50—950—950—50—1,200—1,200—50—1,250—1,250—50—1,300 (O P. Rs 225 to £35)
Educational (Men's)	Rs 400—50—600—600—50—1,000—1,000—50—1,250 Lower Selection grade: Rs 1,250—50—1,500— Higher Selection grade:— Rs 1,550—100—1,750 (O P Rs 150 to Rs 300 or £15 to £30).	Rs 400—40—600—600—E B.—50—1,200 Selection grade: Rs 1,250—50—1,500.	Rs 320—40—1,200 Selection grade: Rs. 1,200—50—1,350 and Rs 1,400—50—1,500. (O P. £15 to £30)	Rs 350—50—550—550—50—850—850—50—1,200 (O P. Rs 200 to £35) Selection grade Rs. 1,250—50—1,500 (O. P. £35)
(Women's) .	Rs 400—25—850 Selection grade: Rs. 900—25—950—50—1,050 (O. P. Rs. 100 and Rs 150).	Rs 350—25—750 Selection grade: Rs 800—25—900—900—50—1,050		Rs. 350—25—800. (O P Rs. 200 and £20). Selection grade. Rs 850—50—1,000 (O P. £20)
Agricultural .	Rs 350—50—550—550—50—650—E B—700—50—800—800—50—1,250 Selection grade. Rs 1,250—50—1,500 (O P. Rs. 150 to Rs. 300 or £15 to £30)	Still under consideration. Will be taken up along with Royal Commission's recommendations.	Rs 320—40—1,200 Selection grade: Rs. 1,200—50—1,350 (O. P. £15 to £30).	Rs 300—50—550—550—50—800—800—50—1,200 (O P. Rs 200 to £35) Selection post of Director: Rs 1,350—50—1,600 (O P £35)
Veterinary .	Rs 350—50—550—550—50—650—E B.—700—50—800—800—50—1,250 Selection grade: Rs. 1,250—50—1,500 (O P. Rs 150 to Rs. 300 or £15 to £30)	Rs. 350—50—1,200 Selection grade. Rs 1,250—50—1,500	Rs 320—40—1,200 Selection grade: Rs 1,200—50—1,350 (O P. £15 to £30)	Not yet decided
Medical . .	Rs. 500 to Rs. 1,850 according to rank (O P. Rs. 150 to Rs 300 or £15 to £30)	..	Rs. 400—40—1,200. Selection grades: Rs. 1,200—50—1,350—1,400—50—1,500 (O P. £15 to £30)	"Special posts" scheme under consideration

Memoranda presented to the Indian Statutory Commission by the India Office.

NOTE.—*The seven memoranda which here follow were compiled for the Statutory Commission by officials of the India Office. They were not pronouncements by the Secretary of State for India in Council.*

THE RELATIONSHIP BETWEEN THE INDIA OFFICE AND THE GOVERNMENT OF INDIA.

The Relationship between the India Office and the Government of India.

This Note is an attempt to describe as briefly as possible the nature of the business which is transacted at the India Office, with a view to indicating the nature and extent of the control exercised by that institution over government in India. Until January 1921, when the Act of 1919 came into operation, the control exercisable by the India Office (practically the entire cost of which, including the salaries of the Secretary of State and of the Parliamentary Under Secretary, was defrayed from Indian revenues, the disposal of which was not directly controlled by the House of Commons) had been in theory absolute and all-embracing. By Section 3 of the Act of 1858, which transferred the Government to the Crown (now Section 2 of the consolidated Act at present in force), the Secretary of State was charged with the "superintendence, direction and control of all acts, operations and concerns which relate to the government or revenues of India, and all grants ......and other payments and charges out of or on the revenues of India"; and by other provisions of the same Act the Government of India and each of the Provincial Governments were severally "required to pay due obedience to all such orders as they may receive from the Secretary of State." Thus the entire system was centered in Whitehall, and, although much controversy has raged from time to time over the extent to which the Government of India (and through them the Provincial Governments) are a corporation with rights and responsibilities of its own, or are, on the contrary, a mere "agent" of the Secretary of State as representing His Majesty's Government, there can be no question, from the point of view of strict legal theory, of the complete subordination in 1919 of all Governments in India to the Imperial Parliament and to its mouthpiece, the Secretary of State.

2. It will be readily understood, however, that this theoretical subordination, although it resulted up to 1920 in far less freedom of initiative for the Governments in India than they now enjoy, had become increasingly subject, for practical purposes, to limitation, and that not only had the Secretary of State delegated large discretion and initiative to the Government of India, but the Government of India, in its turn, had ceased in large measure to exercise in day-to day administration those powers of control and supervision which were originally its primary function. In other words, the Central Government and each of the Provincial Governments in India had gradually mapped out for themselves spheres of influence, legislative and administrative, in which, by growing tradition, they were secure from detailed interference; and although, right up to 1919, the Central Government kept financial control very largely centred in itself and was in its turn closely controlled financially by the India Office, yet even here there had been a growing tendency to place the Provincial Governments in possession of revenues with power to manage them as they thought best. These tendencies were, however, very largely extra-legal. In 1919, in the

eyes of the law, the "revenues of India" formed an undivided and indivisible corpus, over the expenditure of which, in those directions which the law allowed, the Secretary of State in Council was in supreme control, and even now no authority but the Secretary of State in Council can raise loans for the purposes of Indian administration in the London market, and for this action he, himself, requires the specific authority of Parliament.

3. Theoretically, the position as indicated in the last two paragraphs has not been greatly changed by the Act of 1919. The only alteration made by that Act in the section quoted above, which has defined since 1858 the powers of the Secretary of State, was to insert at the beginning of it the words "subject to the provisions of this Act"; and the only specific provision of the Act to which the generality of Section 2 thus became subject is Section 19A, which enabled the Secretary of State in Council to make rules to "regulate and restrict the exercise of the powers of superindendence, direction and control vested" in him "in such manner as may appear necessary or expedient in order to give effect to the purposes of the Government of India Act, 1919." But the sole use hitherto made of this power—indeed the only use of it which it is constitutionally possible to make (the structure of the Government of India Act being what it is), in spite of the apparently unrestricted freedom given by Section 19A—is the enactment of the following rule relating exclusively to the sphere of transferred provincial subjects :—

"The powers of superintendence, direction and control vested in the Secretary of State and the Secretary of State in Council under the Act or otherwise shall, in relation to transferred subjects, be exercised only for the following purposes, namely :—

(1) to safeguard the administration of Central subjects;

(2) to decide questions arising between two provinces, when the provinces concerned fail to arrive at agreement;

(3) to safeguard Imperial interests;

(4) to determine the position of the Government of India in respect of questions arising between India and other parts of the British Empire; and

(5) to safeguard the due exercise and performances of any powers and duties possessed by or imposed on the Secretary of State or the Secretary of State in Council, under or in connection with or for the purposes of the following provisions of the Act, namely, Section 29 A, Section 30 (IA), Part VIIA, or any rules made by or with the sanction of the Secretary of State in Council."

In other words, while the powers of intervention by the India Office (and incidentally, in virtue of a parallel rule made under another section, by the Government of India) in the area of provincial administration

transferred to the control of Ministers are now strictly limited to the point almost of extinction—as was inevitable on the dyarchic theory if division and control and conflict of authority were to be avoided—yet the legal powers of the Secretary of State to control the Government of India in the exercise of all their functions, and to control also the Provincial Governments in their administration of reserved subjects, remain in theory very much what they were before the Act of 1919 was passed. Certain new powers were by the Act of 1919 conferred upon the Governor-General and the Governors in the exercise of which it has been held that they are not subject to dictation by any other authority, but these are personal powers the use of which the Secretary of State could in the last resort control indirectly by means of the weapon of recall, and their existence does not materially affect the legal control exercisable over the Government of India and the Local Government.

4. But it was an essential feature of the policy of the Act of 1919 that recognition should be given to the greatly extended powers of the legislatures outside the somewhat limited sphere of the transferred provincial subjects, and that although devolution (in the sense of a statutory divestment of control) was feasible only in regard to that limited sphere, yet the delegation which, as indicated above, has always found a place in the constitutional structure should be carried to its furthest possible extent. Broadly speaking, the way in which in the past the extent of this delegation had been defined was in terms of expenditure. In the sphere of general administration there were, and obviously could be, no hard and fast rules. While the Provincial Governments were naturally conceded a fairly free hand in transacting their day-to-day business and in administering the detailed affairs of their several departments in the manner which seemed to them best in the light of varying local conditions, they were at the same time expected to abstain from initiating any new departure of policy or from dealing with any novel or difficult situation without ascertaining that the Government of India approved their proposals, or at least without informing the Government of India as soon as possible *ex post facto*; and the Government of India in their turn were expected to proceed similarly *vis-a-vis* the India Office, not only in respect of business which they were conducting directly themselves, but also in respect of the provincial problems thus brought to their notice. In practice, however, this undefined general administrative sphere was narrow, for few changes of policy can be undertaken without involving either legislation or new expenditure, or both, and in these two respects the check was rigid and defined; broadly speaking, the duty of the Local Governments in this general field resolved itself into keeping the Government of India (and through them the India Office) promptly and fully informed of any unusual happenings, whether in the nature of natural calamities, outbreaks of disorder, or indications of excitement of the public mind, within their several jurisdictions, and of the steps they were taking to deal with them, the clear understanding being that on receipt of the information the Government of India—and (if it thought fit or if Par-

liamentary interest, actual or anticipated, so demanded) the India Office—was fully entitled to suggest or order a particular course of action. The *ultima ratio* of this understanding was of course, so far as the Government of India were concerned, their responsibility to the Secretary of State for the peace and good government of India as a whole, and so far as the India Office was concerned, the identical responsibility of the Secretary of State to Parliament. And the practical consequence was that the India Office was apt to consider itself badly served if it was unable to furnish the Secretary of State, within the few hours that the notice required for a question in the House of Commons allows, with full material for a reply on facts to any question, and further, with sufficient information as to the pros and cons of the policy involved to enable him to announce his attitude towards the action of the authorities on the spot. This statement of the position must naturally be taken as subject to the qualifications attaching to all generalisations, for the degree of insistence upon information (which in itself, when the seeker for information has the right to direct policy if he chooses, is almost indistinguishable from superintendence and control) was constantly liable to vary with the various personal equation of Secretary of State or Governor-General of the day, and with the varying degree of interest (and even to some extent with the party, personality and influence of the questioning Member or group) exhibited from time to time by Parliament

5. At this point it may be convenient, though the digression is somewhat wide of the primary purpose of this Note, to interpose a brief account of the nature and effect of the reforms *in India*. But as the prelude to this digression, it is essential to digress still further, and to sketch the main features of the system as it existed there in 1919. British India was then (and still is) divided into 15 provinces, three of which (the Presidencies of Madras, Bombay and Bengal) were governed by a Governor assisted by an Executive Council of three members, one (Bihar and Orissa) was governed by a Lieutenant-Governor assisted by an Executive Council of three members, three (the United Provinces, the Punjab and Burma) were governed by Lieutenant-Governors, and the remainder, of which Assam, the Central Provinces, the North-West Frontier Province, and Baluchistan, were the only ones of large area, by Chief Commissioners. Associated with the Government of each of the Governorships and Lieutenant-Governorships and with that of two of the Chief Commissionerships was a Legislative Council containing (as the result of the Minto-Morley reforms of 1909) a slight preponderance of non-official members, though only in one case (Bengal) with an elected majority. Of these Councils the Head of the Province was President, and they were empowered to legislate for " the territories for the time being constituting the province ", to ask questions, to discuss (but not to vote upon) the annual provincial budget, to move resolutions on matters of general public interest and to divide upon such motions. Their total maximum strength was 50 in the three Presidencies and 30 elsewhere, these figures representing a considerable expansion on

those previous to 1909. The elected members (who, as already stated, formed in all provinces but one a slight minority of the whole) were for the most part elected on an indirect franchise by the members of local self-government bodies. Generally speaking, their composition was such that the Local Government could count upon a majority in any division, composed of the official members, the elected European non-officials, and a sufficiency of the nominated non-officials.

6. Set in authority (which was in theory unlimited) over these Provincial Governments was the central executive known to the law as the Governor-General in Council, and, commonly, as the Government of India. This entity consisted of the Governor-General and an Executive Council of seven members, all appointed by the Crown, one of whom was the Commander-in-Chief. Associated with this executive was a single-chamber Central Legislative Council consisting of 60 members with a majority of officials, and containing representatives, official and non-official, of each province. Of this Council the Governor-General was President, and its powers and functions in its own sphere were identical with those of a provincial Legislative Council in the provincial sphere as indicated above.

7. It will thus be apparent that in spite of the delegation of authority throughout the hierarchy which had as its root the Secretary of State and Parliament, and at the ends of its branches the officers in charge of the 250 odd British Indian districts, and in spite of such influence as Indian public opinion might succeed in exercising upon the counsels of Government, through the single member of each of four Executive Councils, through the non-official membership of the various Legislative Councils, and by other methods less direct—such as the Press, the National Congress and other platforms—yet the activities of all the executives in India and the nature and scope of their legislative enactments were, in the last resort, entirely controllable, and were, in fact, very largely controlled, by the India Office. In so far as Parliament interested itself in Indian affairs, this control may be represented to have been that of the British Parliament and elector; in so far as those organisms left the conduct of Indian affairs to those whose business it was to understand them, the control exercised both of the Secretary of State and of the Governments in India—to the extent to which they were allowed a free hand—was capable of being (and was, in fact, freely) characterised as "autocratic".

8. The task which presented itself to the authors of the Act of 1919 in giving effect to the announcement made two years earlier was, accordingly, to devise some scheme whereby an "autocratic" system of government might give place gradually and if possible automatically, to a "responsible" system of self-government. This term "responsible government", taken originally from the announcement of August 1917 and incorporated therefrom in the fore-front of the famous Preamble to the Act of 1919, was doubtless then used in its technical sense as indicating a form of government in advance of merely "representative" government. But it is clear that the authors of the Act of 1919 kept

constantly in view the ethical connotation of the term and that they were concerned to devise a system which should, besides providing scope for the democratic control of representatives, be calculated to inculcate in all parties a growing sense of moral responsibility. To describe in detail the devices which were adopted to this end would expand this Note to inordinate length, and description therefore will be confined to the salient features, which the premise that somewhat different degrees of importance attach to the features of the scheme from the structural and from the political point of view.

9 Structurally, the salient features, so far as the provinces are concerned, are :—

(i) the system commonly described as dyarchy, that is, the legal delimitation by "subjects" of the spheres of influence of the Central and Provincial Governments respectively (including in this connection the Legislature in the term "Government"), and the subsequent partition of the provincial subjects into "reserved" and "transferred" categories, the reserved subjects being entrusted to the Governor in Council, who remains responsible to the Government of India, the Secretary of State and Parliament, and the transferred subjects being handed over to the Governor acting with Ministers responsible to the Legislative Council;

(ii) the substitution, in all the nine provinces affected by the Act, of a Governor in Council for the "one man" Government which had previously existed in five of them;

(iii) the expansion of all nine Legislative Councils so as to contain a largely preponderating non-official element;

(iv) the vesting in the Legislative Councils of all the powers commonly attributed to legislative bodies, including the power to vote (or refuse) supply for all matters save those which are specifically exempted from the vote;

(v) the legal partition of the hitherto undivided "revenues of India" between the Central and Provincial Governments respectively.

As regards the Central Government, this was, of course, affected directly by the features enumerated under (i) and (v) above. Apart from this, the only structural change made was a change in the composition and powers of the Central Legislature of the nature described under (iii) and (iv), and the conversion of it into a bicameral organism.

The transfer of control of certain subjects to provincial Legislatures acting through Ministers was necessarily accompanied (as has been already mentioned) by a corresponding statutory devolution of the plenary responsibility and power of control attaching to the Secretary of State which has been noticed in a previous pagragraph. And, as has also been already stated, no similar legal limitation of the Secretary of State's powers of control has been effected as regards the Central

subjects and the reserved provincial subjects; and in strict theory the authorities in charge of these subjects remain accountable for their stewardship to Parliament and receive no mandate in respect of them from the Legislatures in India. This theory is, however, inevitably subject to considerable discount in practice, and in one notable respect (to be referred to presently) it has been definitely and avowedly invaded.

10. Politically the more important features of the Reforms Scheme (using that term to cover decisions of policy which do not arise directly out of the terms of the Act, and are in fact in some cases inconsistent with the theories upon which the Act is founded) have proved to be the following:—

(i) the increase from one to three of the Indian members of the Governor-General's Executive Council, a fact which, taken in conjunction with the overwhelming elected majority in the Legislative Assembly (the lower Chamber of the new Indian Legislature), has necessarily tended to make the Government of India look to the Assembly rather than to the Secretary of State as the approver, if not the dictator, of its policy;*

(ii) the large increase in the Indian personnel of the provincial executives—taking both halves of those dual organisms jointly—which, taken in conjunction with the overwhelming elected majority in each provincail Legislative Council, has had a result in the Provinces similar to that noticed under (i);

(iii) the new financial powers of the Councils described above;

(iv) the recognition—as the result of a recommendation made by the Joint Select Committee on the Bill of 1919—that the Government of India are entitled to regulate their tariff policy on lines approved by their Legislative Assembly, and that His Majesty's Government have no longer an unrestricted right to dictate such policy;

(v) the facts that India was a signatory, along with the Dominions of the Versailles Treaty, and is an original member of the League of Nations and has thus acquired a separate quasi-international status;

(vi) [illegible] missioner for India, [illegible] and status of the [illegible] will inevitably in future, as he is at present, always be himself an Indian.

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* The introduction of Indian members (one to each) into the Executive Councils of the Governor General and of the three Presidency Governors (the only Executive Councils then existing) was a feature of far reaching importance of the Morley Minto reforms scheme of 1909, for which, however, no specific legal provision was required. Up to that date the membership of these bodies had been exclusively European, and for the most part they consisted (as they still largely do) of senior members of the Indian Civil Service.

11. It need hardly be pointed out that the cumulative effect of those features of the Reform Scheme which have just been enumerated as being politically important has been to magnify the extent of the advance towards self-government which the Act of 1919 purported to inaugurate, and to shift the centre of gravity further from Westminster towards Delhi than the terms of the Act, if construed according to strict constitutional canons, will warrant. No mention has hitherto been made of the fact that, having regard to the limitations intentionally placed by the framers of the Act upon the measure of responsible government they were bestowing (in theory that measure being *nil* at the centre, and in the provinces only extending to a portion of the whole sphere as measured by subjects), their scheme was necessarily accompanied by "safeguards" to counter-balance the otherwise almost plenary powers which were conferred on the new Legislatures. These safeguards took the form of an overriding power in the Governor-General to enact on his own authority measures which he deemed essential to the discharge of his responsibilities and to "restore" any vote for supply which the Legislature refused or reduced and similar powers were conferred on the several Governors for excise in relation to the "reserved" category of subjects But these powers have perhaps naturally been but sparingly used, *in spite of an expression of hope by* the Joint Select Committee that they would be regarded as real and as intended to be used with the necessary consequence that in proportion as they have not been used the Legislatures have tended to be the dominating partner.

12. The main subject of this Note may now be reverted to. An attempt has been made in para. 4 to indicate in the broadest terms the general attitude of the India Office before 1921. As has already been indicated, in the matter of expenditure and of the initiation of legislation, the requirements of the India Office were indicated with precision. So far as legislation is concerned, the rule is simply stated. Neither the Government of India nor any Local Government was permitted to introduce any Bill, other than one of a purely formal character, unless its actual terms, or at least a full statement of its scope and purposes, had been approved by the India Office. The arrangement was that sufficient time must elapse between the application for sanction and introduction to enable the India Office, if it chose, to prevent introduction or to direct alteration. In the ca e of the provinces their proposals were, of course, subject to a double scrutiny, that of the India Office, and that of the Government of India, who were the channel of communication with the India Office, and in forwarding a Local Government's proposals indicated their own views on them. The scrutiny by the Government of India was detailed and thorough, and was performed both in their Legislative Department, from the point of view of form, and in the Department administratively concerned with the subject-matter from the point of view of policy; and as the result of it alterations were freely made. At the India Office, examination was mainly confined to policy, but here also intervention was frequent,

both negatively and positively. It must not, of course, be assumed that the Local Government or the Government of India were regarded as debarred from questioning any orders they might receive, in this or any other matter, in the sense of pointing out the disadvantages in their view attaching to them, not that orders issued, whether by the Government of India, or the India Office, were never withdrawn or varied on receipt of such representations. But since up to 1920 the Indian Legislature had an official majority, and in each Provincial Council, though there was a non-official majority (in one actually an *elected* non-official majority), yet the Government could in practice command a majority, it was possible for the Government of India or the Provincial Government, as the case might be, to ensure the passage of every measure in any terms it desired; consequently, it was possible for the India Office to issue orders with the assurance that, if insisted upon, they could be made effective.

13. In the sphere of new expenditure, it is unnecessary for the purpose of this Note to specify in detail the nature and scope of the elaborate restrictions imposed upon the initiative of the Government of India and Local Governments; the code of regulations on this matter had reached, when it was wiped out in 1921, formidable proportions, covering many pages of print, and was constantly being amended in detail. The constant growth of this code was, of course, in one sense due to the fact that delegation (as already mentioned), was a constantly increasing process; but the process was piecemeal and consequently involved increasing elaboration if the main citadel was to remain intact. It will suffice to say that the creation of any new appointment with salary above, or the raising of the pay of an existing appointment beyond, a certain figure, the reorganisation or creation of any body of public servants, however low their individual pay, if the total annual cost exceeded a certain specified figure, and the initiation of any public work or building estimated to cost more than a certain sum, required the previous sanction of the India Office. There was, it is true, a constant tendency to raise the restrictive limits, and thus to set free a larger field from the net of previous sanction; but up to the end the scales were such that an enormous number of references for sanction were made annually by each province to the Government of India, and of these a considerable proportion were passed on to the India Office—for the rules were such that in most cases two figures were involved—if a project exceeded in cost Rs. x it required the sanction of the Government of India only, if Rs. y the sanction of the India Office was required as well.

14. In 1921 the whole of this elaborate code containing these expenditure regulations was swept away, and the Local Governments were given a free hand in the transferred sphere, subject only to the limitations that they must obtain (through the Government of India) the previous sanction of the India Office to—

(i) the creation or abolition of any post, or the increase or reduction of the pay attaching to any post which is normally held by a member of an "all-India service";

(ii) the creation of any new appointment on pay exceeding Rs. 1,200 a month if the post is permanent and Rs. 4,000 a month if temporary;

[This restriction is now about to be withdrawn.]

(iii) any proposal to grant a pension of an amount beyond, or to a person not eligible under, the rules.

[Up to date all pensions have been controlled by the India Office; but proposals are now in train for delegating to the Government of India and Local Governments full authority to regulate the pensions of all officials except those appointed by the India Office. With this delegation, much of this restriction (iii) will disappear.]

15. The restrictions just enumerated apply also to proposals of the Government of India relating to the Central subjects under their control, and to Provincial Governments in relation to the reserved provincial subjects But in addition, in the latter field, the sanction of the India Office is also required before new or increased expenditure can be initiated on—

(a) the Governor's personal amenities—his furniture, residences, sumptuary and contract grants;

(b) the revision of permanent establishments involving more than 15 lakhs a year additional cost;

(c) *capital* expenditure of more than 50 lakhs on irrigation, navigation, drainage or embankment projects.

As regards the Government of India and their expenditure on Central subjects, the restrictions enumerated in para. 14 apply to them also and, in addition, new expenditure on the following classes of cases requires India Office santion —

(a) the Governor-General's personal amenities—his furniture, residences, staff, sumptuary and contract grants;

(b) the erection or equipment of Christian churches otherwise than in accordance with sanctioned rules;

(c) the extension of special saloon carriages for high officials.

In the matter of military and railway expenditure special rules apply . . . closer . . . nature . . . will be dealt with separately later.

16. Set out in this manner, the list of cases in which a reference is required to the India Office still appears somewhat formidable. In fact, however, apart from references arising out of the regulation of the public services—a matter which will also be dealt with separately—the change effected in this matter in 1920 was monumental.

17. The best method of explaining the nature of the change made in 1920 in the matter of previous sanction to legislation which was universally required before that date (as already stated) with negligible exceptions, will be to reproduce the despatch to the Government of India defining the present position.* Since those orders have been in force the instances of a provincial Bill being submitted to the India Office for previous sanction to its introduction, or forming the subject of correspondence before or during its passage, could be counted on the figures of one hand, though in one or two of these cases considerable discussion took place between the India Office and India; and no instance can be cited of final disagreement on the part of the India Office to the introduction of a Bill which the Government of India proposed to promote. Nor has there been any instance of disallowance of an Act passed and assented to under Section 69 or 82 of the Government of India Act, though the question has arisen on two or three occasions for consideration, and there have been a few instances in which assent has been withheld from provincial Bills after they have been passed—once by the Governor-General and the rest by a Governor. The instance of the withholding of his assent by the Governor-General was of no political or constitutional significance, since the power was exercised at the behest of the Local Government itself as the only convenient means of nullifying an enactment which was discovered as soon as it had been passed to be seriously defective. The provincial Bills which were "vetoed" were private members' attempts to deal in far too summary a fashion with certain details of local self-government machinery or else controversial measures to which there had been considerable opposition, and as it was generally recognised that the enactments, had they been allowed to remain on the Statute Book, would have led to great confusion, the Governors' action gave rise to no resentment.

18. It may be mentioned in this connection that the special powers conferred by the Act of 1919 on the Governor-General and Governors, to secure the enactment of a measure which the Legislature has rejected, have been exercised on four occasions by the Governor-General and once by the Governor of Bengal. In fact, however, one of the measures which the Governor-General "certified" was part and parcel of the Act certified by the Governor of Bengal and came before the Indian Legislature only because the provisions it contained were held to be *ultra vires* the provincial council; so that the total number of occasions on which those powers were exercised may be said to have been four. The Bengal Act in question (The Bengal Criminal Law Amendment Act; 1925), was that providing for the detention or other control of the movements of persons suspected of the commission or of preparations to commit anarchical and revolutionary crime. The other Acts enacted by this process were the Indian Finance Acts (the Budget) of 1923 and 1924, and the Indian States (Protection against Disaffection) Act, 1922—a measure necessitated by the repeal in 1921 of the Indian Press

* Appendix A, Secretary of State's Public Despatch No 24, dated 10th February 1921.

Act, which was designed to prevent the fomentation in the Press of British India of disaffection in State territory against the rulers thereof. The necessity for the excise of the power to "restore" rejected or reduced supply votes has arisen more frequently.

19. It is no exaggeration to say that the attitude of the India Office towards Indian legislation as indicated in the despatch appended to this Note, involved an almost revolutionary change. For many years it has been (and still is) the practice in this Office, when an "authentic copy" of an Act was received, as required by Sections 69 and 82 of the Government of India Act, for a despatch to be sent in acknowledgment stating that the Act has been considered in Council and that it will be "left to its operation," thereby indicating that the Secretary of State had decided that no question had arisen of advising the Crown to exercise the power of disallowance contemplated by those sections. Until 1921, however, it was practically impossible that any such question could in fact arise, since, as already indicated, the India Office was apprised of and approved the terms of every Bill before it was introduced, and constantly required (and secured) its enactment in a particular form, indeed, the actual initiation of Indian legislation not infrequently took place in Whitehall Consequently, in almost every case, and certainly every case of importance, the decision embodied in the formal despatch sent after the passage of an Act was, at that stage, a purely routine function. Now it is broadly true to say that the *control* (as distinct from advice) over legislation exercisable by the India Office is confined to the potential exercise of the power of disallowance. Instances still occur, under para. 9 of the despatch of February 1921 (Appendix A), when proposals for legislation in the Central Legislature are sent to the India Office for previous approval, and (in important cases) when this Office is informed of and consulted on changes which have occurred, or are anticipated, in the form and policy of the measure during its passage; and not infrequently during the past five years the India Office has found it necessary to advise, suggest or even to expostulate.

20. The main reason for this fundamental change of attitude is, of course, the change of policy involved in the Reforms Act; but a contributory practical reason is the fact that the India Office is no longer in the position, with the Government of India in a minority in every Legislature, to ensure the enforcement of positive orders, if it chose to issue them, unless it is prepared to proceed to the length of instructing the Governor-General to use his powers of certification, and the risk presumably thereby involved of the Governor-General's resignation. Negatively, it could of course prevent the introduction of a Government Bill or enforce the withdrawal of one in progress, and as already mentioned, it could threaten, or in the last resort practice, disallowance. But any suspicion of "interference from Whitehall" of this nature is warmly resented in all quarters of the Indian Legislature, and there is a natural tendency under present-day conditions to avoid giving cause for hostile criticism except under the stress of compelling necessity.

21. But the determining factor in the attitude of India Office towards the Governments in India since the inauguration of the Reforms has been the observations of the Joint Select Committee which dealt with the Bill of 1919 in their report on clause 33 of the Bill (now Section 19A of the Consolidated Act), to which, in point of fact, they are not strictly relevant. These observations were naturally hailed with delight in India as being more important than anything contained in the Act itself—with which indeed they are fundamentally inconsistent—for they are the basis of the much discussed " fiscal autonomy convention," which has a long and bitter history behind it. The Joint Select Committee's remarks merit reproduction in full and are as follows :—

" Clause 33.—The Committee have given most careful consideration to the relations of the Secretary of State with the Government of India, and through it with the Provincial Governments. In the relations of the Secretary of State with the Governor-General in Council the Committee are not of opinion that any statutory change can be made, so long as the Governor-General remains responsible to Parliament; but in practice the conventions which now govern these relations may wisely be modified to meet fresh circumstances caused by the creation of a Legislative Assembly with a large elected majority. In the exercise of his responsibility to Parliament, which he cannot delegate to anyone else, the Secretary of State may reasonably consider that only in exceptional circumstances should he be called upon to intervene in matters of purely Indian interest where the Government and the Legislature of India are in agreement.

" This examination of the general proposition leads inevitably to the consideration of one special case of non-intervention. Nothing is more likely to endanger the good relations between India and Great Britain than a belief that England's fiscal policy is dictated from Whitehall in the interests of the trade of Great Britain. That such a belief exists at the moment there can be no doubt. That there ought to be no room for it in the future is equally clear. India's position in the Imperial Conference opened the door to negotiation between India and the rest of the Empire, but negotiation without power to legislate is likely to remain ineffective. A satisfactory solution of the question can only be guaranteed by the grant of liberty to the Government of India to devise those tariff arrangements which seem best fitted to India's needs as an integral portion of the British Empire. It cannot be guaranteed by statute without limiting the ultimate power of Parliament to control the administration of India, and without limiting the power of veto which vests in the Crown; and neither of these limitations finds a place in any of the Statutes in the British Empire. It can only, therefore, be assured by an acknowledgment of a convention. Whatever be the right fiscal policy for India, for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same liberty to consider her interests as Great Britain, Australia, New Zealand, Canada and South Africa. In the opinion of the Committee, therefore, the Secretary of State should, as far as possible, avoid inter-

ference on this subject when the Government of India and its Legislature are in agreement, and they think that his intervention, when it does take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangements within the Empire to which His Majesty's Government is a party.

"The relations of the Secretary of State and of the Government of India with Provincial Governments should, in the Committee's judgment, be regulated by similar principles, so far as the reserved subjects are concerned It follows, therefore, that in purely provincial matters which are reserved, where the Provincial Government and Legislature are in agreement their view should ordinarily be allowed to prevail though it is necessary to bear in mind the fact that some reserved subjects do cover matters in which the Central Government is closely concerned. Over transferred subjects, on the other hand, the control of the Governor-General in Council, and thus of the Secretary of State, should be restricted in future within the narrowest possible limits, which will be defined by rules under sub-clause 3 of clause 1 of the Bill." [The actual limits defined in pursuance of this recommendation are those contained in the Rule quoted in paragraph 3 of this Note.]

22. A good deal of correspondence has not unnaturally taken place between the Government of India and successive Secretaries of State in the endeavour to arrive at an understanding as to the precise scope and applicability of this "Convention," and of the limitations connected with it, in the fiscal sphere. But successive Secretaries of State have declared, both openly and also tacitly by inaction, their intention to acknowledge the Convention, to the existence and reality of which the present Prime Minister himself has also borne testimony.

The question which has agitated India in the past, and which is the prime cause of this "Convention," has centred almost entirely round the question of import tariffs, and it may be of service, before attempting to estimate the exact effects of the Joint Select Committee's recommendation, to summarise here the main historical facts in that connection :—

(a) The Indian import tariff is, in its origin, a genuine "tariff for revenue," but such great increases have been made in the duties in recent years that, although revenue was always the governing consideration in revising the rates, the tariff, nevertheless, came gradually to assume most of the characteristics of an ordinary protective tariff, except that there was no attempt to fix the duties with scientific precision in relation to the requirements of particular Indian industries. Thus, Indian industries came to experience the effects of a protective tariff before the policy of discriminatory protection was deliberately adopted by Government.

(b) When cotton import duties were imposed in 1894, after a duty-free period, countervailing excise duties were, on free trade principles, also imposed. From 1896 onwards the duties

were $3\frac{1}{2}$ per cent. on imported cotton cloth and $3\frac{1}{2}$ per cent. on cotton cloth manufactured in India. In 1917, on special grounds connected with war finance, the import duty was raised to $7\frac{1}{2}$ per cent. without a corresponding increase of the excise—an event which marked the first departure from free-trade principles. In 1921 a further increase of the import duty to 11 per cent. took place, the excise still remaining at $3\frac{1}{2}$ per cent. The feeling that the excise duty had been imposed for the benefit of Lancashire under the orders of His Majesty's Government and against the known wishes of the Government of India influenced the growth of a demand not only for protection but for fiscal freedom.

In 1922 this demand bore fruit in the appointment of the Indian Fiscal Commission, whose report resulted in the adoption of a definite policy of "discriminating protection" and in the constitution of an advisory "Tariff Board" to recommend the application of this policy in detail. This was the first occasion on which the Convention operated, and it is important to note that the Government of India independently formed their views on the recommendation of the Fiscal Commission, and that when the Secretary of State was informed by the Government of India of the course which they proposed to follow in a debate which was about to take place in the Legislative Assembly, he did not interfere. The Tariff Board has since examined the claim for protetion of a considerable number of industries, several of which they have rejected. Those in which protection has been granted, either by way of tariff changes or bounties, are iron and steel (including tinplate), cotton and paper and paper pulp. One important measure of a protective character —the abolition of the obnoxious cotton excise duty—was, however, not the result of a Tariff Board recommendation, but the fulfilment of a long-standing undertaking on the part of the Government of India.

So much for the historical summary; it has now to be ascertained what, in theory, India's "fiscal freedom" amounts to.

23. In justifying the tariff changes of 1921 to a deputation from Lancashire, which had come to protest against them, Mr. Montagu quoted the passage from the Report of the Joint Select Committee set out in para 21 of this Note and added:—

"These are very strong words, which, except for some timely warning by my honourable friend the Member for Oldham, almost passed unchallenged in the House of Commons; but when the Bill came for the third reading to the House of Lords, Lord Curzon, speaking on behalf of His Majesty's Government,* pointed out the great change which had

* [illegible] ...ible and representative British Committee [illegible] have conceded to India almost absolute [illegible] as "a starting point to a future career [illegible] India, the importance of which cannot [illegible]

been instituted in these matters by what amounted to the grant of fiscal autonomy to India. I will read you his words if you like, but I am sure they must be familiar to most of you, and I do not want to waste your time. I can paraphrase them in the words of one of the speakers this afternoon. The people of India are plain humble people and they regard a promise as a promise; and after that report by an authoritative Committee of both Houses and Lord Curzon's promise in the House of Lords, it was absolutely impossible for me to interfere with the right, which I believe was wisely given and which I am determined to maintain, given to the Government of India to consider the interests of India first, just as we, without any complaint from any other parts of the Empire, and the other parts of the Empire without any complaint from us, have always chosen the tariff arrangements which they think best fitted for their needs, thinking of their own citizens first"

Mr. Montagu further declared, in a despatch to the Government of India, dated the 30th June 1921, which was subsequently published in India, that in replying to the Lancashire deputation he had accepted on behalf of His Majesty's Government the principle recommended by the Joint Select Committee with regard to the fiscal freedom of India.

On the 29th September 1921 a resolution was moved in the Council of State recommending a declaration by the Government of India that they proposed to take advantage of the fiscal freedom conceded to them. After a short debate the mover withdrew his resolution on obtaining from the Government spokesman a declaration "that the Government of India have every intention of exercising, in concert with the Indian Legislature and in what it believes to be the best interests of the country, the fiscal powers which have been conferred on it under the recent constitutional reforms."

Since then other pronouncements have been made in the Legislative Assembly and elsewhere to the effect that India has been granted fiscal autonomy, including a statement by Mr. Baldwin (alluded to above) during his first tenure of the Premiership that "India.......has been given economic liberty"; and nothing has been said or done to disturb the belief that fiscal autonomy has been granted.

24. But for practical purposes the position obviously required closer definition, and the India Office has endeavoured, in consultation with the Government of India, to define more precisely the meaning and effects of the Convention. The important points for the present purpose of a somewhat lengthy correspondence are these:—

(a) A telegram from Lord Peel, dated the 22nd January 1924, included the following:—

"I would further point out that the recognition by His Majesty's Government of the principle recommended by the Joint

Committee in regard to fiscal matters has the effect of imposing obligations on both parties to the convention. There appears to be a risk that the convention is being pressed as though it were nothing but a statutory limitation of the powers of the Secretary of State and of His Majesty's Government. I invite further reference to para. 2 of Government of India's despatch of the *21st April 1921, stating that the* Joint Committee 'expressed the opinion that in order that a convention of this kind might grow up, the Secretary of State should, as far as possible, avoid interference.........' The policy of His Majesty's Government has hitherto been to follow this procedure, and thereby to promote the growth *of the convention, but it could not be argued that in the* case of any convention, and still less while the process of building up the convention continues, the Secretary of State can be expected to stand on one side during any preliminary discussions on a subject to which the convention may eventually be held to apply, though he will naturally be guided *in his attitude by the spirit of the convention. Indeed,* the convention itself is not brought into full operation until a stage is reached at which the Government of India, after prior official consultation with the Secretary of State, arrives at a conclusion of its own in agreement with the formally expressed views of the Legislature.

"In placing these considerations on record, His Majesty's Government are also able to record that there is nothing to be found either in their views or in the attitude which they have adopted in regard to Indian fiscal policy which can impair the growth of the convention towards full maturity."

This telegram emphasises the points that the "India" which has fiscal autonomy is the Government of India *plus* the Indian Legislature acting in agreement, and that before any proposal is placed by the Government of India before the Legislature, the Government of India must first officially consult the Secretary of State. The object of this prior official consultation, which is a vital step in the procedure, is that *the Government of India, before approaching the Legislature, may* have the opportunity to consider the views of the Secretary of State. These views are not given as instructions, but offered as observations for the consideration of the Government of India. If after considering these views the proposals placed by the Government of India before the Legislature are accepted, then the Secretary of State would not *under the convention interfere.*

(*b*) A telegram from Lord Olivier, dated 25th March 1924, included the following :—

"I hope that, like my two predecessors, I shall always be able to say that nothing can be found either in my views or in atti-

tude which I have adopted in regard to Indian fiscal policy which can impair the growth towards full maturity of convention favoured by Joint Committee of 1919

"But it appears to me essential that the propriety of prior official consultation by your Government with myself in all important tariff questions should be constantly had regard to.

"One point of special importance emerges in the present case. By rule under Section 19A of the Government of India Act, powers of superintendence, direction and control vested in Secretary of State and Secretary of State in Council may, in relation to transferred subjects, be exercised, among other things, (1) to safeguard Imperial interests, and (2) to determine position of Government of India in respect of questions arising between India and other parts of the British Empire. I trust that you will agree with me that this provision represents a fundamental principle which applies to all cases of devolution of control by the Secretary of State, and that, although no similar provision is included in recommendations of Joint Committee of 1919 about fiscal policy, this omission cannot in practice limit my responsibility for doing what is necessary to safeguard Imperial interests or to determine position of Government of India in respect of questions arising between India and other parts of British Empire I do not, indeed, anticipate that this point would ever acquire practical importance, as I should not imagine that Government of India and their Legislature will ever agree in desiring to follow in fiscal matters any course of action menacing stability of inter-Imperial relations."

(c) A telegram from Lord Olivier, dated 29th April 1924, in which he gave his consent to the introduction of the Bill for the protection of iron and steel referred to above, included the following passage :—

"You will realise that His Majesty's Government does not hold the view that a policy of fiscal protection is that best calculated to promote the economic and industrial interests of any country. But His Majesty's Government has no intention of departing from the spirit of the Fiscal Autonomy Convention which has been built up by pronouncements of successive Governments since 1919, and it accepts the position that (except possibly on specific grounds irrelevant to the present question) it will not disallow any tariff measure which the Government of India, after prior official consultation with the Secretary of State, recommends to the Legislature, and which the Legislature accepts."

25. To summarise a somewhat indefinite position as briefly and accurately as possible, it seems fair to say that while it is now settled policy that the India Office does not interfere with the enactment of

any tariff measure which the Government of India and the Indian Legislature agree in desiring to place on the Indian statute book, the Secretary of State, as a member of His Majesty's Government cannot divest himself of responsibility for ensuring that no such measure cuts across general Empire policy or is not so unfair to any constituent part of the Empire as to bring India into conflict with that part; this responsibility the Secretary of State can in the last resort fulfil (should other means fail) by exercising his right (which might in certain circumstances be a duty) of advising the Crown to disallow the Measure if passed; but in order that so open a conflict may, if possible, be avoided, it is essential that he should be kept duly informed in advance of the Government of India's intentions in regard to such legislation, before the Legislature is consulte[illegible] operates. Any observations [illegible] should receive every attention from the Government [illegible] are, however, at liberty to accept or reject, any suggestions made or advice given in deciding on the proposals to be placed before the Legislature. It is not a supportable interpretation of the "fiscal automomy convention" to contend that if only the Government of India can show that a particular proposal was economic or truly fiscal (as distinct from being political) in purpose and is likely to be accepted by the Legislature, their duty to the India Office is satisfied by merely passing on information about its scope, and the rights of the India Office to express views or opinions—let alone dissenting opinions—are *ipso facto* extinguished. In a word, the essential and inevitable incongruity of the transitional system embodied in the present Indian constitution is nowhere more clearly exhibited than in the endeavour, in spite of the limitations involved in a strict construction of the principles underlying the Government of India Act, to give reality to the intention that India should enjoy a large measure of freedom in fiscal policy.

26. Mention may here be made of another example of a case to which the Joint Select Committee's general recommendation referred to in para. 21 has been applied. This is the question whether the Secretary of State should retain control over the principles governing the purchase of Government stores for India with a view to ensuring economy and efficiency—a matter which has been much canvassed of late years, though it is now settled in a manner which has left little scope for misunderstanding. It was settled in 1926 by the Secretary of State relinquishing control except in relation to military stores. With this exception the position is that the Secretary of State has by rule delegated to the Government of India and the Local Governments respectively, the right to make their own rules.

The bulk of the purchases, so far as they are not made in India, are made through the High Commissioner, and before the Reforms of 1919 were made through the India Office. The practice of the India Office used to be to purchase in the cheapest satisfactory market; after the war, as a purely temporary measure, a small preference was given to British manufactures, and the High Commissioner, when he took

charge, at first gave a preference of about 10 per cent. In 1921 the Government of India issued instructions to the High Commissioner, based on resolutions of the Indian Legislature, to return to the practice of purchasing in the best market. In such a matter the Secretary of State does not interfere with the responsibility of the High Commissioner to the Government of India, and has never issued any instructions to him either direct or through the Government of India. Consequently, though frequently pressed by British commercial interests to intervene, he accepted the instructions of 1921 as settled policy throughout the period when he retained any control in the matter.

27. And yet it is perhaps an exaggeration to single out this one instance of the "fiscal autonomy convention" as the incongruity *par excellence*, as was suggested at the end of para. 25. For there is more than one direction in which present facts have outstripped the logic of the system with which they have been associated. The fact that India was a separate signatory of the Versailles Treaty, the fact that India is an original member of the League of Nations, and the fact that India has a High Commissioner whose status and privileges (but not his real postion) are identical with those of the High Commissioners for the Dominions—are none of them facts which are strictly congruous with the legal relationship between the Government of India and His Majesty's Government as defined in the Government of India Act; indeed, the exact nature and source of the control to be exercised over the Indian Delegates to the League of Nations has occasioned little less discussion than has the nature and scope of the "fiscal autonomy convention" and has perhaps arrived at no more exactitude of definition. And the fact that no controversy has arisen over the powers and duties of the High Commissioner has been largely due to the circumstances that much of his work has consisted in the administration of the details of settled rules, the policy of which has remained, without protest on his part or on the part of his principals, the Governments in India, in the hands of the India Office. But, after all, the position even in these respects is comparable in theoretical indefensibility with the position of the Local Governments in respect of their administration of reserved provincial subjects, for which they are in theory responsible to the Government of India, the Secretary of State and Parliament, but are in fact, and are expected to be, very largely controlled by their legislatures.

28. To complete this survey it is necessary to add a brief reference to three other matters—the Indian budget, the Services and Defence questions. The impression may have been conveyed by previous paragraphs that the control of the India Office over Indian finance was and is exercised solely in the sphere of individual items of new expenditure, and that the rules relating to the requirements of previous sanction in this respect were and are the end of the matter. This, of course, is not the case. Apart altogether from the control exercised over currency and borrowing transations and policy (with which this Note will not attempt to deal), the Government of India's budget proposals, in the shape of a statement of their anticipated expenditure under its main

heads, the method they propose for disposing of their surplus resources (if any), and [illegible] for the year, are sent every [illegible] these proposals, after examin[illegible] of the India Office and the Finance Committee of Council, are specifically approved by the Secretary of State in Council, the approval being often subject to suggestions for their modification—suggestions which still are often in the nature of definite instructions. For the Secretary of State in Council is still ultimately responsible to Parliament for the financial stability of India, and could not defend himself, if measures were adopted which were likely to impair Indian credit, by the plea that he preferred for whatever reason not to exercise his legal authority.

29. Here also it should be made clear in connection with the general subject of financial control that it does not follow that the way is clear *ipso facto* for the incurring of expenditure merely because the India Office has authorised it or even directed it to be incurred, whether in the form of the general approval given to the Government of India's total annual programme of expenditure as set out in their budget proposals or in the form of specific approval to some individual item of new expenditure which the existing rules indicated in paras. 14 and 15 of this Note necessitate. This was the position up to 1920, when the [illegible] then the sanction given [illegible] Secretary of State in [illegible] Government, or again some authority immediately subordinate to the Government of India or a Local Government to whom the power had been delegated, was sufficient, subject to the existence of budget provision, to release the funds in question. Now, however, this sanction by executive authority (the Secretary of State in Council or the Government of India) when it is required is merely authority to approach the Legislature for the provision of the necessary funds, except in the case of those categories (*see* sections 67A and 72D of the Act) which are "non-votable". And since the "Indian budget," the expenditure side of which requires the specific approval by vote of the Legislative Assembly, necessarily includes all appropriations from Indian revenues, whether the sums so appropriated are spent in India by or on behalf of a Government there or by or on behalf of the India Office in this country, it follows (though it is permissible to doubt whether the framers of the Act fully realised or intended this implication of its provisions) that the India Office is no less dependent on the assenting vote of a Legislature in India for the votable supply it requires for its own purpose than are the Indian Governments: and more than one instance has occurred in which the Legislature has refused to honour the Secretary of State's bond. So far as expenditure included in the Government of India's own budget is concerned (and the bulk of the supply required by the India Office is so included) the terms of section 67A (7) are sufficiently wide to enable the Governor-General in Council to "restore" a rejected demand, if its provision can be certified as "essential"; but if the Secretary of State has sanctioned in accord-

ance with rules some item of votable expenditure which comes to account in a province and which is connected with a transferred department, there is no provision which enables an adverse vote by the Provincial Council to be overridden, and the expenditure in question cannot be incurred. It was this fact, and the practical difficulties which had arisen from it which led to the amendment in 1924 of the budget sections of the Government of India (Civil Services) Act, with the object of enlarging the scope of the word "salaries" so as to preclude ro the liability to being voted upon practically all emoluments payable to those members of the services whose "salaries" had been previously non-votable, and also so as to expand the categories of public servants whose emoluments as there defined were to be protected. It seems probable that one of the points of detail—though its examination immediately raises fundamental issues—which the Commission will be called upon to examine is the appropriateness of provisions which, even if to some extent only in form, leave a Minister of the Crown who is responsible for the performance of his functions to Parliament and to the electors of the United Kingdom, dependent for the supply required for the conduct of his department upon the vote of a Legislative Assembly containing a majority of members who are responsible to electors in India.

30. The reference just made to the effect of the "budget sections" upon the Indian Services leads naturally to the question of control over the Services exercised by the India Office. It would be impossible in this Note, without expanding it to inordinate length, to deal fully with this question, which the Commission will certainly be called upon to examine and which they will find not the least difficult of those confronting them. The effect of the Reforms Scheme upon the employees of the Governments in India was, universally in theory and in some quarters in practice, profound. Until 1920, with Governments almost exclusively official in personnel, and themselves consisting almost exclusively of senior members of one of the regular services, the Government employee had had little or no occasion to regard the ebb and flow of Indian politics as even remotely affecting the stability of his own prospects and position. His actions had for many years been liable to vilification in the Press, and on occasions a question might be asked about him in a Legislative Council; but so long as he could satisfy his official superiors as to his efficiency, probity and good intentions he was generally able to ignore non-official criticism. The details of his pay, his pension, his leave and his leave-allowances were laid down in a code of Civil Service Regulations which could not be altered in any material particulars without the knowledge and assent of the India Office; and although this code and the other conditions of his service had no specific statutory basis, his prospects, subject only to good conduct, were assured and were not liable to capricious alteration. Finally, practically every public servant whose pay exceeded Rs. 500 a month had a right of appeal against disciplinary and other orders affecting him, which culminated with an appeal to the Secretary of State

31. The Reforms of 1919 had, as they were intended to have, their most immediate and direct effect in provincial government, but it is by the Provincial Governments that the great bulk of public officials are employed, the proportion employed directly by the Central Governments—chiefly on the railways and in the customs and income-tax departments—being relatively small. The clearer-cut division of the central and provincial spheres of administration, and the delegation of greater independence in the provincial sphere to the Local Governments (using the term "Government" in this connection as including the Provincial Legislatures) inevitably involved a larger delegation of control over the services to the authority which directly employed them; while it was even more essential that the Ministers who were now called into being to administer the transferred departments should be given as free a hand as possible in controlling the instrument through which their administration was to be conducted. At the same time in proportion as it was recognised that this process of transfer of control, and indeed the whole theory of the Reforms Scheme, would be bound to subject public servants more and more directly to political influences, it was [illegible] d and placed [illegible] in the past, [illegible] archy. The legal provisions enacted to secure these objects will be found in Part VIIA of the Act, supplemented by the provisions, already alluded to, which exclude from the vote of the Councils appropriations to meet the emoluments of certain categories of public servants, and by the following clause in the Instruments of Instructions issued over the Royal Sign Manual to the provincial Governors:—

> "We do further hereby specially require and charge you......
>
> "(4) to safeguard all members of our services in the said presidency/province in the legitimate exercise of their functions, and in the enjoyment of all recognised rights and privileges, and to see that your Government order all things justly and resonably in their regard, and that due obedience is paid to all just and reasonable orders and diligence shown in their execution."

32. But these provisions, like so much of the Act of 1919, were little more than a framework; the chief substance was to be filled in by means of statutory rules. For a variety of reasons much time elapsed before appreciable progress had been made with the filling in of this framework, and it was soon apparent that the inquiry which preceded the Act of 1919 had hardly probed this aspect of the problem to the bottom. Meanwhile, the members of the services had been subjected, both in many of the new Legislatures and in their stations, to the full force of the wave of racial feeling which accompanied and explained Mr. Gandhi's non-co-operation movement of 1920-2, and at the same time to the full pressure of economic stringency which followed the end of the war. On the other hand, Ministers were apt to complain that they had no control of the personnel which was supposed to be working under

them and executing their policy, and that transfer of subjects which did not involve transfer of control of administrative staff was a farce. It was this situation of discontent and uncertainty which Lord Lee's Public Service Commission was sent to India in 1923-4 to endeavour to allay, and it was mainly to enable the increased emoluments which that Commission recommended to be safe-guarded from hostile votes in the Legislatures that the Government of India (Civil Services) Act, 1924, referred to above was passed.

Broadly speaking, the scheme contemplated to fill in the framework of section 96B involves more complete control than in the past over a few services, and practically complete delegation of control over the remainder to the Government of India and to Local Governments, as the case may be. Steps have been taken towards this end, but the process is by no means complete, and is rendered more complicated by the necessity for safeguarding the rights of the members of the services recruited before the Reforms Scheme became operative. Meanwhile, the process of settling the principles of delegation and of framing the rules to effect it has not unnaturally resulted for the time being in increased rather than lessened intervention by the India Office in service matters—so much so that it has been found expedient to constitute a special branch of the Office charged with the duty of dealing with all Service questions. If, however, the schemes of delegation proceed to their logical and intended conclusion the result will be a settled and complete control by *the India Office over four services, with partial control* over several others, including some of the Gen'ral services. But as the plans laid on the framework of section 96B proceed on the basis of the present constitution, any fundamental change in the latter would probably involve a reorientation of service questions.

From this necessarily somewhat summary account of an important branch of India Office activities it would be misleading to omit mention of the fact that, in pursuance of the Lee Commission's recommendations, and in furtherance of the endeavour made recently by the Secretary of State personally and other eminent individuals to stimulate recruitment for the Indian Services in general and to the Indian Civil Service in particular, very definite pledges have been given to recent recruits to the effect that throughout their careers the officers appointed by the Secretary of State on behalf of His Majesty's Government, as agents of Parliament in India, may rely on His Majesty's Government to safeguard them as regards both the security of their tenure and the maintenance of the prospects on the strength of which they elected to serve in India; that, save with their own consent, they will not at any time be subject to the ultimate control of any authority subordinate to the Secretary of State as representing His Majesty's Government; and that, in the event of any modification in the Indian political situation of a character such as to constitute a radical alteration in the terms and conditions of service on which they undertook to serve in India, such steps as may be necessary will be taken by His Majesty's Government to secure that their interests are adequately safeguarded.

33 In the sphere of Military and Defence administration the relations between the India Office and the Government of India differ in certain important respects from those described above. The military as well as the civil government of India is vested by section 33 of the Government of India Act in the Governor-General in Council, subject to the proviso that he is required to pay due obedience to the Secretary of State's orders. But the defence of India may, in certain circumstances, be far beyond the resources of India herself, and to this extent it is related to the wider problems of Empire defence. This involves a co-ordination between the British and the Indian forces, not only of general policy, but of military standards and organisation. The Home Government has thus to retain in its own hands the direction of defence administration to a greater extent than has been found necessary or desirable in other spheres of administration.

34. The Army in India consists of two parts, namely, British troops which are lent from the British Army for temporary service in India, and Indian troops commanded in the main by British officers and serving permanently in India, the latter being known as the " Indian Army " proper. The whole of the officer cadre, however, whether in the British Service or in the Indian Army (apart from a special class of Indian officer which need not be further discussed here), possesses commissions " in *His Majesty's regular land forces* "; that is to say, the officers themselves are theoretically capable of being employed with any part of His Majesty's forces or in any part of the world. All these officers, and in addition the whole of the British troops in India, are subject, not to the Indian but to the British Army Act, which in sections 180 and 190 explicitly recognises their liability—and indeed that of the Indian forces as a whole—to general service. Further, the King's commissioned officers of the Indian Army itself have in other respects a special status which is not to be found in any of the other permanent Indian Services. For example, an Indian Army officer has not only the right of appeal to the Government of India and to the Secretary of State, but also a statutory right of appeal to the Crown. Again, on promotion to the rank of Colonel and thereafter he ceases technically to belong to the Indian Army as such (though he is retained for all practical purposes in the permanent Indian Service) and is placed on a general list of officers which is common both to the British and to the Indian Armies.

35. The Secretary of State for India is thus, except in regard to the Indian troops in the Army in India, no more than the part custodian of a body of men, of whom some are lent by the War Office for service in India, and others, though in permanent Indian employ, have in certain respects the rights of members of an Imperial service. With regard to the *former*, he is resp[illegible] eventually returning the British troops [illegible] postulated by the War Office. In rega[illegible] found for administrative purposes to regulate the conditions of service with reference not merely to the circumstances of India, but also to the general principles which apply throughout the Army as a whole. It is, therefore, his duty

to keep in close touch with War Office principles and practice, and to act, not merely as liaison officer, but as arbiter between the Army Council and the Government of India, often even in matters of detail, in order to guard against too wide a divergence in policy or procedure He has, in fact, to hold the balance between the two military systems. It would clearly be difficult, if not impossible, to hand over this duty to either of the two other parties concerned. *Vis-à-vis* the Government of India, moreover, the Secretary of State has no authority to delegate to them the power of administration he exercises in this matter by virtue of various Royal Warrants.

36. Generally, therefore, defence policy is essentially a subject reserved for the special control of the Secretary of State. Defence expenditure is classified as non-votable by the Indian Legislature under section 67A of the Act Nevertheless, there are certain spheres of military administration in which the Legislature has an opportunity of exercising its influence and of obtaining positive results. Questions such as the constitutional procedure to be observed on the despatch of troops from India for service overseas have been debated. Another question, on which the opinion of the Legislature has recently been sought is that of the pace and method of the process of training Indians for the career of Army officers in India ; and even though the military budget itself is not put to the vote, the pressure of the Legislature for economy in military expenditure is a constant factor with which the Central Government has to reckon In general, however, it may be said that hitherto at any rate Parliament has expected that the Secretary of State for India should, for the reasons set forth above, hold himself and be held accountable for Indian military administration in a degree which is not expected of him in other spheres.

APPENDIX A. (See para.)

Despatch (Public, No. 24) from the Secretary of State for India to the Government of India, dated 10th February 1921.

My Lord,

I have to address you on the principles to be followed, now that the Government of India Act is in general operation, in the matter of referring to the Secretary of State, for his approval, Bills which it is proposed to introduce in the Indian Legislature or in a provincial Legislative Council.

2. Apart from the special and limited provisions of section 65 (3) of the Act, the control of the Secretary of State over the course of legislation in India was (and still remains) that which he may exert in the discharge of his constitutional duty of advising the Crown in the exercise of the power of disallowance of an Act which, having been passed, has received the assent of the Governor-General, or has been reserved by

him for the signification of His Majesty's pleasure. Similarly the control exercisable by Your Excellency's Government over provincial legislation was and *still is, so far as the specific requirements* of the law are concerned, limited to the right, of the Governor-General personally to sanction or forbid the introduction of Bills or certain specified classes. But these specific constitutional functions and statutory provisions have in the past done no more than indicate a very restricted aspect of the unlimited powers of superintendence, direction, and control vested in the Secretary of State over all governmental actions in India, and in the Governor-General in Council over all provincial administration. In virtue of these powers, and of the responsibility to Parliament implied in them for every phase of official action in India, it has hitherto been incumbent upon the Secretary of State and the Governor-General in Council to ensure that no measure was proposed, or omitted to be proposed, for enactment which they were themselves unable to support or the absence of which they would be unable to justify. Instructions are accordingly in force which require that every Bill (with a few unimportant exceptions) which it is proposed to introduce in any legislature must be reported in advance to the Secretary of State for his approval.

3. The continuance of this system would be manifestly inconsistent with the intentions, and indeed with the explicit directions, of Parliament as expressed in the Act of 1919. Underlying all the provisions of that Act is the assumption that the authority of a Provincial Government in the field now legally demarcated as its peculiar charge is to be as wide and untrammelled as possible, and, in particular, that the initiation of legislation in the Provincial Council is to be subject to as little external surveillance as possible, save such as is recognised by section 80A (3) of the Act. Further, the Act has enabled the Secretary of State and the Governor-General in Council to relieve themselves in large measure of responsibility for the administration of those provincial subjects which are now to be contro[illegible] the Provincial Legislature. [illegible] n made in the constitution [illegible] to the provincial executive, by the creation in them of a substantial majority of elected members.

4. It is true that the Act of 1919, while making no essential change in the statutory powers and duties of the Secretary of State and of the Governor-General in regard to the control of legislation, has to some extent increased the range of the Governor-General's statutory control, since sections 80A (3) and 67 (2) require a larger class of Bills to be referred for the Governor-General's sanction before introduction than was the case under the corresponding provisions of the Act of 1915-16. Devolution, however, and not centralisation, being the essence of the statute, it is obvious that this increase of what I have described as "statutory control" was intended to be counterbalanced by the material modification, if not the abrogation, of the extra-statutory instructions referred to in the second paragraph of this Despatch. There are two courses which readily suggest themselves as the means of securing this

counterbalance. The Secretary of State might, in the first place, decide to confine himself, for the purpose of controlling legislation in future, to his constitutional power of disallowance, and abandon all desire or attempt to supervise legislation in its initial stages. Or, secondly, he might direct that every Bill which is submitted to the Governor-General for sanction under section 67 (2) or section 80A (3) should be, before that sanction is accorded or withheld referred to himself for instructions, other Bills being left to take their course.

5 It will be convenient to postpone to a later paragraph discussion of the question as it affects Bills to be introduced in the Indian Legislature and to confine my observations for the present to Provincial Bills, and, for reasons which I shall presently explain, to Bills promoted by the Local Government. It appears to me that neither of the courses just mentioned would be appropriate. No hard and fast system of classification would ensure that all important Bills, and only Bills of importance, are referred to higher authority. On the other hand, I feel that cases will arise when a reference to Your Excellency's Government or to the Secretary of State would, so far from hampering a Local Government, enable it to avoid what might become an embarrassing position, and thereby promote freedom of action. I do not, of course, suggest that the authority charged with the duty of assenting to or disallowing Bills passed can surrender, or be regarded as surrendering, in any respect his freedom of discretion by reason of having approved a Bill before introduction. Bills may entirely change their character in the course of their passage, and even if passed without substantial alteration they may have evoked in the Legislature criticism of such a nature as to constitute a material factor in the decision as regards assent; and, moreover, sanction to introduction may on occasion imply, not approval, but merely desire to see a proposal submitted to discussion. None the less, circumstances may easily be imagined in which a Local Government would have refrained from introducing a particular Bill unless they had been able to ascertain that in its original form it seemed to the Secretary of State or the Government of India to be *prima facie* free from objection. The opportunity for previous consultation would safeguard Local Governments and Legislatures from being confronted, with little or no warning, with an adverse decision by either of those authorities upon a measure upon which considerable time and care had been expended and to which the Local Legislature had already assented.

6. I consider, therefore, that the best procedure to adopt with regard to Provincial Bills will be—

(a) That Local Governments need not refer to Your Excellency's Government any Bill which they propose to introduce in the Provincial Council and which does not require the Governor-General's previous sanction under section 80A (3) of the Act, but that if a Local Government desires to guard against the occurrence of the situation mentioned in the preceding paragraph by a timely ascertaining of Your Excellency's Government's views, it should be open to it to do so;

(b) That Your Excellency's Government shall not be required to refer to me any Bill which has been submitted to them, whether in accordance with the provisions of section 80A (3) of the Act or otherwise, but that within their discretion, and in order to guard against consequences such as I have described, it should be open to them to consult me in advance on any such Bill ;

(c) I would add, as an exception to these two general principles, that Your Excellency's Government shall be required to refer to the Secretary of State for instructions any Bill referred to you by a Local Government to the introduction of which the Governor-General proposes to withhold his sanction under section 80A (3) or the introduction (in cases not covered by that section) the Government of India regard as undesirable.

The adoption of the first two of these principles will mean that it will be wholly within the discretion of the Local Government to decide whether a particular Bill which does not by law require the Governor-General's previous sanction is of such a character that it is undesirable that the Government of India should be kept in ignorance of its intended provisions, or, that it is possible that the Governor-General may find difficulty in assenting to its provisions if it is passed ; and Your Excellency's Government will be in a similar position in relation to the Secretary of State. The third principle, I need hardly explain, is not founded on the belief that Your Excellency's Government is likely in this matter to act capriciously or without adequate regard to the maintenance of provincial liberty. But for reasons of constitutional principle it would be clearly undesirable if, in regard to Bills which the administrative head of the province thinks it would be proper to submit for discussion to the Local Legislative Council, the prohibitory power was thereupon exercised by higher executive authority without the knowledge and consent of the Secretary of State.

7. In the application of these principles I desire that no distinction should be drawn between reserves and transferred Bills ; for although I recognise that a Governor acting with his Ministers will probably find few occasions (having regard to the terms of the rule which I have

for any reason the Governor desires to ascertain the views of the Government of India on projected legislation arising in a Department under the charge of a Minister, he should not regard himself as debarred from so doing.

8. As I have already indicated, I intend that these principles should be applied primarily to Government Bills But when a Bill promoted by a non-official member of a Provincial Council requires the Governor-General's previous sanction, and the Local Government in forwarding it has recommended that sanction should not be withheld, I see no reason why Your Excellency's Government should not treat it on the lines I

have indicated for Government measures. Occasions may, moreover, arise when, even in the case of a Bill which can be introduced without Your Excellency's previous sanction, and which for good reasons is being introduced by a private member with the assent of the Local Government, it would be the desire neither of the promoter of the Bill nor of the Government that the time of the Council should be occupied by its discussion if the measure were likely to meet with the disapproval of the authorities charged with the duty of assenting to Bills passed. In such circumstances I should see no advantages in a rigid procedure which would debar the promoter of a Bill from attempting to obtain, if he wished to do so, the approval of Your Excellency's Government, and possibly of the Secretary of State, before introducing his measure, although it might well be in particular cases that the Government of India and the Secretary of State might prefer to express no opinion until the Bill had reached the stage when it required their assent.

9. As regards Bills to be introduced in the Indian Legislature, Your Excellency's Government have proposed to refer for my approval before introduction those which relate to matters specified in the list which is reproduced as an appendix to this Despatch. I accept this proposal for the time being and, at any rate, until we have had some experience of the working of the reformed legislature, but with the qualification that I am prepared to dispense with reference for previous sanction, at your discretion, in the case of routine Bills, or Bills of minor importance which happen to fall within the categories mentioned. It would, of course, also be open to you to consult me on other Bills not included in the list which you regard as of sufficient importance.

10. I have not hitherto alluded specifically to those Government Bills, whether provincial or Indian, with regard to which the Governor or Governor-General decides to exercise the powers conferred by sections 72E or 67B of the Act; but I do not consider that any definite instructions are necessary in their regard. In view of the peculiar and personal responsibility which the Act imposes on the Secretary of State in respect of the confirmation of measures so enacted, I should naturally expect that the Governor or the Governor-General, as the case may be, would rarely, if ever, omit to ascertain, when time permits the views of the Secretary of State in advance of their certification, or, if emergency prevents this, to inform him fully, with the least possible delay, of the grounds of his action. But here I prefer to rely on the discretion of the authority concerned rather than to enforce rigid instructions. With the free exercise of the discretion vested in the Governor-General and the Governors by sections 67 (2A) and 72D (5) of the Act I propose in no way to interfere. Further, it will, of course, be understood that legislation designed to give effect to proposals which under other rules or orders require the previous sanction of higher authority should not be promoted until it is certain that that sanction will not be withheld.

I have, &c.,
EDWIN S. MONTAGU.

ENCLOSURE IN ABOVE.

List of Bills referred to in para. 9 of this Despatch.

Any measures—

(*a*) affecting the public debt or customs duties ;

(*b*) affecting the discipline or maintenance of any part of His Majesty's Military, Naval or Air Force.

(*c*) affecting the relations of the Government with foreign Princes and States ;

(*d*) regulating any provincial subject or any part of a provincial subject which has not been declared by rules under the Government of India Act to be subject to legislation by the Indian legislature ;

(*e*) repealing and amending any Act of a local legislature passed after 1920 ;

(*f*) providing for the punishment of offences by courts not constituted under the Code of Criminal Procedure or conferring on the executive powers of interference with the personal liberty of the subject ;

(*g*) regulating merchant shipping other than shipping on inland waterways ;

(*h*) regulating the personal status and rights of European British subjects ;

(*i*) regulating naturalisation ;

(*j*) affecting the currency ;

(*k*) altering the merchant law ;

(*l*) regulating the prerogative of the Crown.

THE INDIA OFFICE IN RELATION TO THE CIVIL SERVICES IN INDIA.

The India Office in relation to the Civil Services in India.

General Description.

The responsibilities of the India Office in respect of the Civil Services in India fall under the following main heads :—

(*a*) recruitment ;

(*b*) prescription of general systems of organisation and numerical strength, scales of pay and pension, and rules for leave and retirement ;

(*c*) ultimate decision in disciplinary cases, and adjudication on appeals and petitions from individual officers ;

(*d*) in general, the carrying out of the obligations imposed on the Secretary of State by the section of the Government of India Act dealing with the Civil Services (Part VIIA, beginning with section 96B) to safeguard the "existing and accruing rights" of members of the Services.

It is perhaps worth emphasising that normally the India Office does not initiate proposals regarding the Services in India. If, for instance, a question arises of the need for increasing the strength of a cadre, or raising the pay of a particular appointment, the initiative is taken by the Local Governments, under whom the great majority of civil servants are employed. These submit proposals to the Government of India, who in turn—after consulting other Local Governments if they think it necessary—make a recommendation to the Secretary of State. (Occasionally when Service questions arise too big for ordinary departmental treatment, a Royal Commission is appointed, *e.g.*, the Islington Commission in 1912 and the Lee Commission in 1923-24).

Even in regard to the protection of the interests of the Services—a matter in which the Secretary of State's ultimate responsibility is expressly recognised in the Government of India Act—the primary responsibility rests on the Governor of the Province, who is specially charged by his *Instrument of Instructions* with a *personal responsibility for safeguarding* all members of the Services "in the enjoyment of all recognised rights and privileges" ; and the India Office always requires strict adherence to the rule that representations as to Service grievances must be submitted through the appropriate authorities in India.

Put in the most general terms, it may be said that the duties of the India Office in regard to the Civil Services derive, directly or indirectly, from the obligation incumbent upon the Secretary of State to safeguard those who have been appointed by himself or his predecessors to Government service in India as regards both the security of their tenure and the maintenance of the prospects on the strength of which they elected to serve in India. Very definite pledges in this respect have been given to quite recent recruits. These pledges apply, not only to their immediate

conditions of service but to the whole of their careers in India, and provide that save by their own action, such officers will not at any time be placed under the ultimate control of any authority subordinate to the Secretary of State as representing His Majesty's Government. It seems desirable to stress this point, not only on account of its intrinsic importance but also because it was one of the principal recommendations of Lord Lee's Commission

[Reference para 13 read with para 71 (v) of their Report. "All-India status," in the latter paragraph, was defined, in the public announcement made in May 1925 of the acceptance of His Majety's Government of this part of the Lee Report, as meaning.—

(i) that an officer would not be liable to dismissal by any authority subordinate to the Secretary of State in Council (*cf.* section 96B (1) of the Government of India Act), and

(ii) that his terms and conditions of service would continue to be regulated by the Secretary of State in Council.]

These considerations arise pre-eminently in the case of members of the *All-India Services employed on the reserved side** for which the Secretary of State is continuing to conduct recruitment here There are four such services. Incomparably the most important is the Indian Civil Service, with the Indian Police Service second in importance, the two together constituting the Services responsible for general administration and the maintenance of law and order (and sometimes styled on that account "the security services").

But this enumeration does not cover the whole field of our obligations. There are, besides, certain Services working under the immediate supervision of the Government of India, styled *Central Services*, for some of which† the Secretary of State is continuing to recruit or in respect of which he has reserved powers of sanction in regard to the making of rules regulating recruitment (An instance of this last-named category is the Indian Political Department, manned for the most part by officers of the Indian Civil Service or officers of the Indian Army transferred to civil employ)

In addition, there is the residue of officers recruited before 1924 to the All-India Services *operating in the transferred field.*‡ Recruitment by the Secretary of State to these Services has been discontinued (since

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*Indian Civil Service, Indian Police Service, Indian Service of Engineers (Irrigation Branch) and Indian Forest Service, with certain exceptions which need not be here specified

†*e g*, the Indian Railway Service of Engineers and other highly-paid railway and telegraph officers·

‡(1) Indian Educational Service.

(2) Indian Agricultural Service.

(3) Indian Veterinary Service

(4) Indian Forest Service in Bombay and Burma, where Forests are a transferred subject.

(5) Indian Service of Engineers, Roads and Buildings Branch (except in those provinces in which that branch is not distinguishable from the other main branch of the Service, the Irrigation Branch).

1924), the Lee Commission having recommended that in future the personnel required for these branches of the administration should be recruited and appointed by local Governments, who have been empowered to create new Provincial Services for this purpose. But this recommendation was subject to the condition that all the rights of existing members of these Services should be preserved and that they should receive any concessions in respect of pay, passages, enhanced pensions and so forth that might be sanctioned for their colleagues in the Reserved All-India Services. The number of officers whose position has to be safeguarded under this reservation is considerable, running into four figures* and as the new Provincial Services which are to take over these branches of the administration come into being questions of some complexity are likely to arise. The problem is to enable local Governments to proceed with as free a hand as possible with the gradual formation of their new Services as casualties occur among the members of the old All-India Services, while preserving unimpaired the existing rights and prospects of the latter. The Government of India have recently (April 1928) submitted a set of draft rules† which they think will harmonise the two objects and reduce to a minimum the necessity for reference to the India Office in individual cases—a result which the India Office equally with the Government of India has been striving to ensure.

In this connection it is pe [illegible] dealing with the draft Class [illegible] Government of India, after d [illegible] proposed with a view to saving existing rights and privileges, expressed themselves as fully satisfied that, though advisedly framed in wide terms so as to afford the completest possible protection to officers of the Services against any adverse effects of delegation, no serious administrative inconvenience is likely to be caused, as they believe that the mere presence of the saving provisions in the rules will be sufficient and that in practice they will probably not need to be put into operation frequently.

SUMMARY OF SOME OF THE PRINCIPAL "SAFEGUARDS," EXISTING OR PROPOSED.

In the Government of India Act itself.

Provision in section 96B (1) that no officer can be dismissed the Service by any authority subordinate to that by which he was appointed. It follows from this that officers of the All-India Services cannot be dismissed by any authority in India.

* In the five Services specified above there are nearly 600; the balance consists of officers in the Central Services, in the Indian Medical Service (Civil side) and in miscellaneous posts, many of whom were appointed by the Secretary of State or hold the King's Commission, and for whom the Secretary of State has a similar measure of responsibility.

† S. & G. 2530/28.

Provision in the budget sections (67A and 72D) exempting from the vote of the Legislatures, not only the pay and pensions, but—under the extended scope given to these sections by the Government of India (Civil Services) Act of 1925—practically all the emoluments of "persons appointed by or with the approval of His Majesty or by the Secretary of State in Council," and in certain cases of persons appointed before a given date* to posts classified as superior, even if appointed thereto by an authority in India.

An explanatory sub-section (sub-section 3) gave a very wide definition of the emoluments thus protected, covering all remuneration, allowances, gratuities, Government contributions to officers' provident or family pension funds, and "any other payments or emoluments payable to or on account of a person in respect of his office."

The "existing and accruing" rights proviso [96B (2)]. "Every person appointed by the Secretary of State in Council before the commencement of the Government of India Act, 1919, to the Civil Service of the Crown in India shall retain all his existing and accruing rights, or shall receive such compensation for the loss of any of them as the Secretary of State in Council may consider just and equitable."

[The import of this phrase was the subject of a reference to the Law Officers in 1922. Their Opinion narrowed the scope of the assurance considerably. In particular, it was held that the words did not cover mere prospects of promotion to selection appointments above the time-scale. But the Secretary of State, in his despatch† communicating the purport of the Opinion to India, added that "it is clear that administrative changes might result in a loss of selection appointments so considerable as seriously to prejudice the reasonable prospects of the Services. If, in my opinion such a situation should arise, I shall not fail to examine it with a view to determining, in accordance with what I conceive to be the intention of the Joint Select Committee and of Parliament, what measure of relief can be granted to the Service affected."]

IN STATUTORY RULES UNDER THE ACT.

Devolution Rules (10).

No order affecting their emoluments or pensions, and no order of formal censure, and no order on a memorial, can be passed to the disadvantage of officers of an All-India (or Provincial) Service without the personal concurrence of the Governor; and his concurrence is even required to any order for the posting of an officer of an All-India Service.

* 1st April 1924

† This despatch (no. 31-Public, dated 26th April 1923, J. & P. 3864/22) was communicated to the Services.

Appeal Rules (XVII).

Any more serious penalty than censure (*e.g.*, suspension, withholding of promotion, reduction to a lower grade) may be made the subject of an appeal by an officer of an All-India Service, first to the Governor-General in Council, and if rejected by him to the Secretary of State in Council. [Dismissal, as mentioned above, is only possible by order of the Secretary of State in Council.]

Rule under Section 19a (Secretary of State's powers in regard to transferred subjects).

In the statutory rule in which the Secretary of State divested himself of control over transferred subjects, he reserved *inter alia* his power of safeguarding the exercise of all or any of the powers conferred on him by the Act in relation to the Services (whether expressed in the Act itself or in rules made under it).

Provisions proposed to be inserted in the draft Classification, Control and Appeal Rules now under discussion.

The existing Classification Rules, originally made in 1920, but amended at various times up to 1926, are incomplete, as they apply only to Governors' Provinces. A more comprehensive code is in an advanced stage of preparation, and will be known as the "Civil Services (Classification, Control and Appeal) Rules."

Broadly, the effect of these rules will be that the Secretary of State reserves to himself practically complete control in regard to the All-India Services on the reserved side and certain branches of the Central Services, operating directly under the Government of India, and also in regard to the remaining officers of the All-India Services on the transferred side (Educational, Agricultural, Veterinary, etc.). For instance, it is proposed to lay down by one of the rules (no. 42) that "no member of an All-India Service, and no person holding the King's Commission or appointed by the Secretary of State in Council, shall be removed or dismissed except by order of the Secretary of State in Council." As regards the rest of the Services, *i.e.*, the bulk of the Central Services, all the Provincial Services and the Subordinate Services, the delegation of control to the Government of India or local Governments, as the case may be, is intended to be practically complete, subject, of course, to the necessary safeguarding of existing rights.

Control in this connection covers the power to appoint and dismiss, power to fix and alter the terms of pay, leave and pension, to determine the numerical strength of a Service and to make rules regulating methods of recruitment. [For this definition of control see Secretary of State's Despatch No. 11 (Services), dated 12th March 1925.] The

safeguards proposed are too numerous to set out in detail, but the following may be given as illustrations :—

(a) A general safeguard for all officers in the Service on the date of the making of the rules over whom powers are being delegated for the first time (draft Rule 5). This is intended to give such officers complete protection in regard to their existing conditions of service;

(b) A general safeguard of any rights and privileges to which an officer is entitled by law or contract or by virtue of any rule or order made by the Secretary of State in Council. This protects future entrants as well as those already in the Service;

(c) Certain special safeguards involving previous reference to the Secretary of State in respect of proposals for modification of cadre, etc.;

(d) An express provision that the decision of the Secretary of State in Council shall be final on the question whether any rule purporting to be made in the exercise of the powers now being delegated is validly made (draft Rule 3); and

(e) A provision allowing appeal to the authority that prescribed [illegible] h, it is claim- [illegible] such autho- [illegible] member of a Service other than a Subordinate Service will be entitled to appeal to the appropriate authority (*i e.*, generally the authority which appointed him) against an order altering or interpreting to his disadvantage his conditions of service, pay, allowances or pension as regulated by rules or in a contract of service.

Further elaborate provisions are included, allowing a right of appeal not only against a worsening of conditions of service as described above, but also against disciplinary action (*e.g.*, dismissal, suspension, reduction to a lower grade or withholding of increments or promotion), and it is definitely ruled (draft Rule 53) that every authority from whose order an appeal is preferred shall give effect to the orders of the appellate authority. This last provision, coupled with a clause which was added by the Government of India (Civil Services) Act of 1925 to the budget sections of the Principal Act [sections 67A and 72D, subsection 3 (*iv*)], puts beyond doubt the power of the Secretary of State to implement any order he may pass on an appeal, even though it may affect the administration of a transferred subject.

Public Service Commission.

Finally, under the heading of "Safeguards," mention should perhaps be made of the Public Service Commission which has been instituted under section 96C of the Act. This Commission is charged with the duty, not only of conducting recruitment in India for the more important Services, but must also have referred to it all important

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appeals in disciplinary cases, those, for instance, in which an appeal is lodged against any order of censure, withholding of promotion, reduction to a lower post, suspension, removal or dismissal. In some cases the Government of India are required to consult the Commission before passing original orders of the above character, and in all cases are required to do so before recommending to the Secretary of State in Council the removal or dismissal of an officer, or before forwarding to the Secretary of State in Council an appeal submitted under Statutory Appeal Rules. The Lee Commission (Chapter 4 of their Report) regarded the institution of this body as a most important safeguard of Service rights and interests. The Commission has hardly been long enough at work to enable a confident opinion to be expressed on this point (it was only set up in 1926),* but it is fair to say that, however efficient a safeguard the Commission proves to be, Service opinion would not regard it as a satisfactory substitute for the Secretary of State in Council as the protector of the Services.

PROGRESS MADE IN FRAMING OF STATUTORY RULES UNDER SECTION 96B.

This may be seen from the following list :—

1920. *Civil Services (Governors' Provinces) Classification Rules* (including Appeal Rules). First made in 1920, and amended at various times since. These Rules are incomplete, as they do not cover the Central Services, and a comprehensive code, which will replace them and the Delegation Rules of 1926 (mentioned below), is nearly ready for issue.

1922. *The Fundamental Rules*, dealing with general conditions of service, pay and allowances, leave, deputation out of India and "foreign service." These Rules, which took effect from 1st January 1922, replace the old Civil Service Regulations in relation to the subjects detailed above. Fundamental Pension Rules have not yet been issued, and pensions (other than premature retirement pensions) are *still* regulated by the Civil Service Regulations.

1924. *The Premature Retirement Rules*, amended in 1925, 1926 and 1927.

The Superior Civil Services (Revision of Pay, Passage and Pension) Rules, 1924, framed to give effect to the financial recommendations of the Lee Commission.

These are constantly being revised in detail; they had been amended no less than 33 times (involving 59 separate amendments) within 2½ years from their enactment.

1926. *The Civil Services (Governors' Provinces Delegation Rules*, made to enable local Governments to proceed with the formation of the new Provincial Services recommended by the Lee Commission. (Hardly any progress has been made

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* The Commission consists of a Chairman and four other members, only two of whom need be persons who have been for at least 10 years in the service of the Crown in India.

in this respect, the local Governments, for some reason which it is not easy to understand, finding it necessary to wait till the final touches have been given to the draft Classification Control and Appeal Rules referred to above.)

Statutory Rules governing methods of recruitment have also been issued in regard to the Indian Civil Service, the Indian Police Service and the Indian Forest Service. Rules detailing cadres are under preparation in India, and a number of other sets of rules are in draft, *e.g.*, the Superior Services and Posts (Classification) Rules and the All-India Services (Transferred Departments) Replacement Rules.

The list given above is not exhaustive, but it affords some idea of the complexity of the system which has been held to be necessary to give effect to the provisions of section 96B of the Act. The advantage to the Services of having their emoluments, rights of appeal, and so forth, set out in Statutory Rules which can only be altered by formal amendment (requiring to be made with the concurrence of a majority of votes at a meeting of the Council of India) has been admitted, and it would hardly be possible now to adopt any other system so far as the All-India and other Superior Services are concerned, in view of the importance attached to the protection thus afforded. But it is at least doubtful whether such a degree of elaboration is either necessary or practicable, at any rate in respect of subordinate officials. A more appropriate method of affording them any protection they may require would be by means of Public Service Acts, to be passed in the Central or Provincial Legislatures in India (see para. 16 of the Lee Report).

It has been found necessary, in order to render the statutory rule system workable, to introduce certain dispensatory provisions enabling the appropriate administrative authority to relax the requirements of the rules to such extent and in such manner as may be prescribed, not, however, to the employees' detriment. This procedure was authorised by a section of the Government of India (Civil Services) Act of 1925, which now appears as sub-section 5 of section 96B of the Principal Act.

Emoluments.

This important aspect of the Service problem is discussed in Part II of the Lee Report, Chapters 6—11. So far as can be judged, the financial relief recommended by the Lee Commission has met adequately the pressing needs of the Services. The main items were :—

(1) The remittanc [illegible] proportion [illegible] fixed in ru[illegible] 2s. to the rupee, from the fifth year of service onwards. This is a substantial advantage.

(2) Provision of free passages for officers and their families when coming on leave. (The standard benefit for a normal term

of service is four return passages for the officer and his wife and one single adult passage for each child.)

(3) A substantial increase in pension of all the Services except the Indian Civil Service. The Indian Civil Service annuity, £1,000 a year, is higher than the pension of the other Indian Services, and was not increased.

A proposal to grant special extra pensions to members of the Indian Civil Service who have served as Governors of Provinces or Members of Council, which the Lee Commission, subject to a dissent by an Indian Member, recommended, was not adopted. One consideration that influenced the decision not to increase the Indian Civil Service retiring annuity was that members of the Service had recently received an appreciable concession in the funding, for the benefit of officers, of the 4 per cent. contribution for pensionary purposes deducted from pay. Prior to this an Indian civilian of long service, while receiving a pension that was much higher than that of other Indian officials, had in fact himself paid a large proportion of it. Now he, or his family, get back his contributions (as from April 1919) in addition to the pension.

Another item bearing on the financial conditions of service, in respect of which effect has been given to the Lee Commission proposals, is a simplification and liberalisation of the rules governing the standard rent to be charged to officers occupying houses supplied by Government.

Mention should also be made of the Family Pension Fund for Superior Services other than the Indian Civil Service (which has its own fund). [illegible] pension of £200 a year, *plus* a death gratuity of the same amount, and (*b*) children's pensions ranging from £30 to £60 a year, with an option to members of the Service to make additional contributions which will have the effect of raising the widow's pension to £300 a year and the children's to from £50 to £100 a year. This fund will undoubtedly meet a very real need, especially in the Police Service. Membership will be compulsory for all future European and Anglo-Indian entrants appointed by the Secretary of State in Council, and it may be possible to extend it to other officials of similar status.

Premature Retirements.

A useful, if not altogether reliable, barometer of service contentment is afforded by the figures of retirements on proportionate pension. A graph is appended (Appendix I) showing the diminishing rate of casualties under this head.

Permission to retire prematurely was not originally intended to be one of the normal conditions of service regulated by hard and fast rules, but was envisaged as a special concession to be allowed to individual officers in exceptional cases on due cause being shown. A time limit (31st March 1924) on receipt of applications was at first imposed, but this was strenuously objected to, and as it seemed likely to cause a stamped from the Services in the difficult days when the non-co-operation campaign was at its height, it was removed in July 1922. Originally, too, a declaration was required, the terms of which practically denied the concession to all except those who declared that they could not conscientiously continue to serve under the new regime. This, it was urged, placed the onus unfairly on the officer, whereas it was in fact Government that was responsible, for altering the conditions of service. A colourless certificate is now all that is prescribed :—

> " In view of the changes in the conditions of my service occasioned by the Government of India Act, 1919, I desire to retire on the terms set forth in the rules relating to premature retirement."

This, in practice, leaves Government no option but to accept applications without scrutiny of motives, although, in some cases at least, there has been reason to believe that the factor prompting the application is simply an opportunity to get a better job.

Now that the privilege has been embodied in Statutory Rules and has come to be regarded as one of the ordinary conditions of service, it would be extremely difficult to withdraw it. There has, indeed, been insistent pressure for its extension to categories at present excluded, *e.g.*, the Central Services, Specialists under local Governments and Europeans in the ordinary Provincial Services. The last-named, on the merits, would seem to have the strongest case of all, for they form precisely the class that has been left most completely under the control of local Governments and has experienced the full effects of the dyarchic system.

If the figures of retirements are analysed according to Services they reveal a markedly disproportionate wastage in what may be called " Welfare Services " (*e.g.*, the Agricultural and Veterinary Services instituted and built up under Lord Curzon and subsequent Viceroys). Lord Linlithgow's Commission may have some trenchant observations to make on this set-back in the efforts for the material betterment of the Indian peoples. As regards the Educational Service, where there has been in some provinces, a similar exodus, while the loss to India of the services of so many able and experienced administrators is much

here. A service organisation, though it has its conveniences, is not really the best fitted for a body of experts holding isolated posts which may differ greatly in importance. It has often been the subject of mild

astonishment to foreign observers, to say nothing of eminent educational authorities such as the members of the Sadler (Calcutta University) Commission,* that a man performing comparatively routine duties as an Inspector of Schools may, just because he is senior in service, be drawing twice as much pay as a younger and more capable man who is the Head of an important Department of Studies in a University College, and who may be a man of real eminence in his own line—not necessarily a European, *though Indian Universities will probably still* need to secure, by some means or other, the services of experts from the West.

In the Indian Civil Service and the Indian Police the number of retirements to date is about the same (118 and 115 respectively), but the loss in the Police is proportionately heavier since the sanctioned strength of that Service is little more than half that of the Indian Civil Service.

Indianisation.

The stage reached in the process of Indianisation in the All-India Services is shown in an interesting statement laid before the Council of State in India in August 1927. A copy of this is appended (Appendix II). It gives the number of Indians in each of the Services for each year from 1920 to 1927, showing clearly the gradual and steady increase. It also states the proportion reached in 1927 between the Indian and the European element. The most important items are :—

	Indians Per cent.	Europeans Per cent.
Indian Civil Service	25	75
Indian Police Service	15	85
Indian Service of Engineers	45 6	54·4
Indian Forest Service	26	74

(These four Services are picked out as they are those for which the Secretary of State is continuing to recruit.)

The programme of further Indianisation proposed by the Lee Commission and accepted by His Majesty's Government was as follows :—

Indian Civil Service.—Rate of recruitment to be regulated so as to attain a Service of equal proportions (50 per cent. Europenas and 50 per cent. Indians) in 15 years, *i.e.*, by 1939. This, it is calculated, will be brought about by taking in equal numbers of European and Indian direct recruits, and at the same time increasing the number of Indians promoted from the Provincial Service to hold Indian Civil Service posts. Taking the figures given in paragraph 35 of the Lee Report as an illustration, this means that out of every 100 recruits there would be 40 Europeans and 40 Indians directly recruited and 20 Indians promoted.

* *See* Vol. III, Chapter XXVII, paras. 93—116, and Vol. V, Chapter L, paras. 21—30, of their report.

Indian Police Service.—The corresponding proportions are, out of every 100 recruits, 50 would be Europeans and 30 Indians directly recruited and 20 would be Indians promoted, this rate of recruitment being calculated to give a Service half Indian and half European in personnel in 25 years, *i.e.*, by 1949.

Indian Forest Service.—Recruitment to be in the ratio of 75 per cent. Indians, 25 per cent. Europeans.

State Railways.—Recruitment to be in the ratio of 75 per cent. Indians, 25 per cent. Europeans.

Indian Service of Engineers (Irrigation Branch).—Recruitment to be in the ratio of 60 per cent. Indians, 40 per cent. Europeans.

Recruitment for the Roads and Buildings Branch of the last-named Service is in future to be provincialised, as in the case of the other Services operating in the transferred field. Consequently fixation of the proportion of Indians and Europeans to be recruited will be at the discretion of the local Government. It may safely be assumed that, except to a very limited extent, provincialisation in all these Services will mean Indianisation, simply, in spite of pious hopes expressed to the contrary (*e.g.*, in paragraph 41 of the Lee Report).

Indianisation and its Reactions on the Recruitment Problem.

I. The Indian Civil Service.

Indianisation in earnest really dates from the Islington Commission of 1912, whose terms of reference specifically directed enquiry into "such limitations as still exist on the employment on non-Europeans", with intent, of course, to remove them. The recruitment ratios they proposed* for the Indian Civil Service were revised in the direction of speeding up Indianisation by the Montagu-Chelmsford Report, which had been issued before action could be taken on the earlier recommendations, the war having intervened and prevented for some years even the publication of the Islington Commission's proposals.

A further fillip was given to the process under Mr. Montagu's regime by utilising the Indian Civil Service (Temporary Provisions) Act of 1915, a measure primarily designed to allow of the special appointment to the Indian Civil Service after the war of men who had joined the Forces for combatant service, for a purpose entirely alien from its original plan, that is for the nomination of a big batch of young Indians to the Service. These to the number of 45 were selected after a qualifying examination in India in 1920-21, and after a period of probation at Oxford and Cambridge became full members of the Service in 1923.

Between that time and the adoption of the Lee Commission's principle of maintaining on an equality the direct recruitment of Indians

* In some Services, *e.g.*, the Indian Educational Service, Indianisation *per saltum* was also effected by the conferment of All-India status on a substantial block of posts and individuals) previously graded in the Provincial Service.

and Europeans, there was a tendency, owing to the marked shortage of European recruits for some years after the War, to over-recruitment of Indians (*cf.* paragraph 33 of the Lee Report).

The recruitment of ex-service candidates, 138 in number (all of them Europeans, with two exceptions), fell substantially short of the number of vacancies that had remained unfilled during the war years. Consequently recruitment fell seriously into arrears, and it is only since 1925 that it has been possible to re-establish anything like the normal intake of probationers.

To obtain a conspectus of the general trend of recruitment and to appreciate the marked increase of Indianisation, it is necessary to take the figures for some years before the war as well as for the post-war period. Statistics for the years 1907 to 1927 are given in tabular form in Appendix III.

Points that emerge from the table there given are :—

(1) The marked preponderance of Europeans before the war; in no year were more than seven Indians successful, as compared with an average of 49 Europeans.

(2) The almost complete cessation of European recruitment during the war. (The successful candidates of 1914-16, with a few exceptions, were posted to the Indian Army Reserve of Officers for military duty.)

(3) The selection of ex-service candidates from 1919-22. These for the most part were men with good academic as well as distinguished military records, and generally speaking were men who could have looked forward to being successful at the Open Competition had they not been prevented from continuing their studies by their war service.

(4) The lean years 1921-4, when, whether owing to war-weariness and the reluctance of parents to let their surviving sons go overseas or to the reactions of the non-co-operation campaign in India, there was a serious set-back in European competition for the Indian Civil Service, the number of European candidates falling to 16 in 1921 as against 139 in 1913 and 160 in 1914 (which may be taken as typical years) and an equally sudden increase in the number of Indian candidates (57 in 1921 as against 24 in 1913 and 23 in 1914). This last phenomenon has recurred each year since, in spite of the institution of the examination in India.

(5) The turn of the tide in 1925, since when it has been possible to select a larger number of Europeans and make some headway in overtaking the arrears of recruitment.

It should be added that this has been done without lowering the academic standard; the last man taken in 1926, for instance, was a scholar of his college who had taken a first class in both parts of his Tripos, and the Civil Service

Commissioners assured us that in 1927 the standard, as judged by the marks awarded, was even higher.

[We do not yet know for certain what the field for 1928 will be; the last date for receipt of applications by the Civil Service Commissioners is 1st June. But preliminary reports from Oxford and Cambridge are promising.]

Apart from the problem of maintaining the supply of European candidates of the required calibre—a problem which necessitated a regular campaign of propaganda at Oxford and Cambridge and other Home Universities from 1924 onwards, in which the Secretary of State himself took a prominent part—our principal pre-occupation in respect of Indian Civil Service recruitment has been to prevent the arrangements from working unfairly as between the two groups of Indian candidates, those competing in London and those competing in India. The system is complicated, and it is not easy to explain it briefly, but it will perhaps be more readily understood if one takes round figures for purposes of illustration.

The governing factors are :—

(1) that so far as direct recruits are concerned, Europeans and Indians are to be taken in equal numbers; and

(2) that at the London examination (the sole source of European recruits) appointments must be made, under the terms of the Act, strictly in the order in which the candidates, Indian as well as European, are placed in the examination list.

Thus, if 30 European recruits are taken at the London examination in any given year, the number of Indian recruits required to balance them is also 30. If there were only 10 Indians on the examination list above the 30th European, there would be left 20 appointments for Indians recruited in India. But if there were 20 Indians on the London list above the 30th European there would be left only 10 appointments for Indians recruited in India. Here, however, a complication comes in. In order to ensure that the Service is not swamped by recruits of any one community it has been decided that one-third of the vacancies assigned to be filled by direct Indian recruitment shall be reserved if necessary to be filled by nomination from among members of communities not adequately represented by the examination results. Thus, in the first instance given above, 10 appointments would be reserved for nomination and 10 would be available to be competed for at the Indian examination. In the second instance, all 10 would be required to be reserved for nomination, and there would be no vacancies available for the Indian examination. Things have never been as bad as that. It generally happens that some members of minority communities (Muhammedans, Sikhs, Indian Christians, Parsees, etc.) are successful in the examination either here or in India, and the number of nominations is reduced *pro tanto*. Still, it must be admitted that the Allahabad examination, which was meant to be the main channel of entry into

the Service for Indians, has been comparatively starved, the number of appointments therefrom having fallen as low as three in 1926, while in the two previous years it was only five. A vicious circle is thus set up, the small number of appointments offered for competition in India driving more and more Indian candidates to compete here, and thus increasing the probability that there will be fewer appointments available in India in succeeding years.

The root difficulty is that the two governing factors mentioned above, *viz.*, the principle of equalising the numbers of European and Indian recruits and the principle of open competition at the London examination, are in essence inconsistent. They can only be reconciled by adjustments at the expense of the intake from the Indian examination But there is a limit to this process, and on several occasions the limit has very nearly been reached.

As regards nominations, although an Indian who qualifies at the London examination but does not come out high enough to secure one of the competition vacancies is eligible for nomination equally with candidates in the same position who have competed in India, it is not possible to reserve any of the London vacancies for assignment to nominated candidates, and so set free a larger number of appointments for competition in India, on account of the express provision in that portion of the Act which governs the London examination [section 97, sub-sections (1) to (5), and especially sub-section (4)], that candidates are entitled to be recommended for appointment "according to the order of their proficiency as shown by their examination"

There is a natural reluctance to abandon the principle of open competition which has been in force for nearly 80 years; and any proposal to close the London examination to Indians and confine their recruitment to India would be highly unpopular. At present the plan that finds most favour is one for making a period of study at an approved University in the British Isles (two years has been suggested) a condition precedent to admission to the London examination for all candidates, not Indians only, the object being to ensure that those Indians who do compete in London will be men who have taken, if not a full University course, at least such a course as is provided in most Universities for "advanced students"* from overseas, instead of being men (as has been the case to an increasing extent in recent years) who come to this country a few months before the examination for the express purpose of taking it.

Whether this plan will prove effective is doubtful. In any case it cannot be brought into operation without ample notice to prevent hardship to men who have already planned their studies on the basis of the present regulations.

Assuming that the policy of recruiting Indians and Europeans in equal numbers is to be maintained, there remains the possibility that,

* As a rule it is possible for a man who has graduated in India to qualify for an English degree (*e.g.*, at Oxford or Cambridge) in two years.

in the interests of the numerous candidates who cannot afford to leave India to compete, we may be forced to consider a radical change in the present system. It has been suggested, for instance, that the recruitment of Europeans and Indians should be completely separated, and that the former at least should be obtained by a system of selection like that in force for the Sudan Civil Service There is much to be said in favour of such a course, and much against it (*see* paragraph 104 of the Lee Report). But the position of the Allahabad examination under the present system is so precarious that there would seem to be a case for amending and simplifying the section of the Statute that governs recruitment to the Indian Civil Service in such a way as would leave the Secretary of State in Council free to adopt whatever method of recruitment experience may prove to be necessary, subject of course to the obligation, as at present, to lay before Parliament the regulations under which the process of selection is to be conducted. (Sub-section 6 of section 97, under which the regulations for nomination and for the examination in India are framed, provides a model.)

II. Indian Police Service.

Here we have no difficulty. Recruitment of Indians is, in practice, effected in India, though Indians who have been resident in the United Kingdom for five years or more are eligible to compete in London. The number of vacancies to be filled in this country is small (ranging normally from 11 to 14), and the field of candidates generally large. This year there are 105 candidates for 11 vacancies. Recruitment in England is by open competition held by the Civil Service Commissioners in conjunction with the Army Entrance Examination. The age limits are 19 to 21. The candidates for the most part are boys just leaving school, with a few undergraduates Generally* there are sufficient first-rate candidates to fill all [illegible] when there were 13 [illegible] ed over 80 per cen [illegible] cord "—perhaps the best test of general suitability.

III. Indian Service of Engineers.

Supply of British candidates is poor, and has been so for some years. This year we have to make two attempts to get the number required, it being proposed to re-open recruitment when this year's degree results are out and to make various other changes in the regulations—*e.g.*,

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* Year.	No. of appointments.	Candidates with 80 per cent. or over for interview and record.
1925	14	18
1926	14	15
1927	13	20

select men if necessary on the strength of their College record alone instead of requiring a definite period of practical experience as an indispensable qualification for selection. It is proposed that the men selected should be granted a subsistence allowance for a year before proceeding to India, the year to be spent in obtaining practical experience to be arranged by the India Office.

IV. Indian Forest Service.

There has been no recruitment in this country for several years, The number of appointments to be filled here, having regard to the Indianisation programme, is very small, and it should be possible to obtain without difficulty men with diplomas or degrees in forestry who will be ripe for sending out to India without further training. (They can, if necessary, be sent first to acquire a knowledge of Indian conditions at Dehra Dun.)

General effects of Indianisation.

It is beyond doubt that the Indianisation policy has adversely affected the flow of European recruits. This was clearly established by the evidence given before the MacDonnell Committee (a precursor of the Lee Commission), and the effects are still felt. Only this year we have had evidence of it in connection with appointments to the Engineering Services. Eleven vacancies had to be filled; only 11 candidates were forthcoming. To stimulate applications two senior officers from India were deputed to visit the Engineering Colleges and University Appointments Boards, and they both brought back the same tale. A Professor at one of the leading Universities put the case quite frankly: "Our undergraduates work alongside Indians in the laboratory and form their opinions of them. Their relations are quite amicable, but the British student does not contemplate with pleasant anticipation having an Indian who has been his classmate, or another of his nationality, placed in a position of superiority over him in the future."

One aspect of the Indianisation process is perhaps worth mentioning—it was stressed by an officer home on leave in a recent interview—and that is, that it is not merely the Indianisation of one's own Service that counts, but equally—or perhaps even more, for the effect is cumulative—the Indianisation of other Services. A European officer's station may be at a district headquarters where a few years back there used to be European Police officers, Europeans on the staff of the local Government College, European Forest and Irrigation officers, and so forth, whereas now, in many stations, all these appointments are held by Indians and the European officer and his family have no compatriots to associate with. It is this state of affairs that has led to the insistent demand, endorsed by the Lee Commission and accepted by Gov

ernment, for the maintenance in the Indian Medical Service of such number of European officers as will suffice to ensure that the European personnel in the Services generally are looked after by medical attendants of their own race. Provision for giving effect to this arrangement is included in the Indian Medical Service Reorganisation Scheme announced in India this month (*see* communiqué in the *Times*, 11th May).

PRESENT POSITION IN REGARD TO RECRUITMENT.

As regards recruitment generally, it may be said that the basis of all our arrangements has been the pledge given by the Secretary of State himself, and by the persons authorised to conduct propaganda on his behalf, that men appointed to the Indian Civil Service and other Indian Services by the Secretary of State in Council could firmly rely on the fact that in no circumstances would they be transferred from the control of, or lose the protection of, the Secretary of State, and so of His Majesty's Government and Parliament, save with their own consent. It is unquestionable that the existence of this guarantee has been the determining factor in the maintenance of recruitment here for those Indian Services to which the Secretary of State appoints, and that its withdrawal, or any tampering with it, would immediately react most seriously on both the number and the quality of entries for the Service. In short, this pledge is the keystone of our recruitment, and without it the whole fabric would collapse.

The possibility of further changes as a result of the Statutory Commission has, of course, been borne in mind. Assurances given in this connection have amounted to little more than a declaration that the Secretary of State in Council and Parliament may be trusted to "do the right thing." The *locus classicus* is paragraph 4 of Mr. Montagu's Public Despatch, no. 5, dated 9th February 1922, an excerpt from which is appended (Appendix IV). When the question has been touched upon by the Secretary of State, or persons conducting propaganda as his representatives, in the last few years, the same line has invariably been taken, namely, that in the event of any modification in the Indian political situation of a character such as to constitute a radical alteration in the terms and conditions on which men undertook to serve in India, such steps as may be necessary will be taken by His Majesty's Government to secure that their interests are adequately safeguarded.

It is not easy to be more precise or to visualise the exact situation that may arise. So far as it was possible to do so in advance, the Lee Commission dealt with it in an inconspicuous but important sub-section of their Report [paragraph 74 (*v*)]. The recommendation in that paragraph (*mutatis mutandis*, owing to the decision not to institute "legal covenants") has been accepted, and the Government of India have

been authorised to announce the result to the Services through the local Governments, in the following terms :—

"(1) Any officer belonging to an All-India Service who was appointed to such Service after the 1st April 1924 and was of non-Asiatic domicile at the date of his appointment, may be permitted by the Secretary of State in Council, if and when the field of service for which he was recruited is transferred—

(a) to retain his All-India status, or

(b) to waive his covenant, agreement or contract with the Secretary of State, and to enter into a new contract with the local Government under which he is serving, or

(c) to retire on proportionate pension under the terms and conditions laid down in the *Premature Retirement Rules*.

(2) Any officer belonging to an All-India Service operating in the reserved field on the 1st April 1924, who was appointed to such Service on or before the 1st April 1924, may be permitted to exercise the option specified above, if and when the field of service for which he was recruited is transferred.

The option referred to in (1) and (2) above will remain open for one year from the date of transfer."

The date, 1st April 1924, is adopted to mark the distinction drawn by the Lee Commission between "future recruits" and "existing members." The net effect is that all British officers are guaranteed the option, irrespective of the date of their appointment; Indian officers only if appointed before the specified date, which is that from which all the principal recommendations of the Lee Commission have been operative.

The second of the three options meets, in part at least, a claim which was formulated by a representative Service Association at the time of the MacDonnell Committee, namely :—

(i) That in the event of the grant of any further measure of reforms in India which shall cause the Imperial Services to lose their Imperial character, that is, to pass out of the control of the Secretary of State, and thereby to cease to hold the status of agents of Parliament, there shall be given to each and every member of those Services an opportunity to withdraw on the grant of adequate compensation.

(ii) That such compensation to be granted shall be based—

(a) on the expectation of life of each member, to be ascertained after independent medical examination;

(b) on his prospects of pay under the rates in force up to the average period of service of members of his Service and of a retiring pension thereafter;

and that the scale of compensation shall be calculated by a competent and independent actuarial authority

iii, That it shall be open to any member of the Imperial Services to exchange his right to compensation under (*ii*) for a new contract to be entered into by him with the Central Indian Government or any local Government which may desire his services, and that in such case no compensation shall be payable.

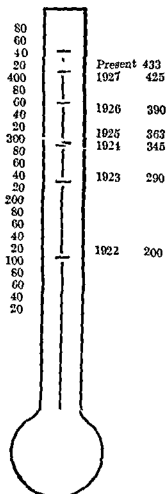
It will be observed that this claim in one respect goes beyond what has been so far conceded The Premature Retirement Rules as at present in force contain no appreciable element of compensation for loss of career Various suggestions have been made from time to time that equity demands the supplementing of the pensions admissible under the Rules, which represent merely a fraction of the full retiring pension proportionate to the length of an officer's service as compared with the full term of service, or rather less than that fraction in the case of all except the Indian Civil Service, since it was decided not to increase premature retirement pensions when the ordinary pensions of the "Uncovenanted Services" were improved in accordance with the Lee Commission's recommendation. Supplements which have been suggested take the form of (*a*) a concession of "added years" on the precedent of civil servants in Ireland (Government of Ireland Act, 1920, 10 and 11 Geo. V.), thereby increasing the pension admissible, or (*b*) a bonus of the kind which it was stated was being offered (*circa* 1922) to the Egyptian Services, namely, a gratuity of about two years' pay for senior men and an increasing sum for the more junior. Neither of these suggestions has been pursued. In point of fact the general feeling was that the existing rules governing the grant of premature retirement pensions were sufficiently generous for those who are not ready and willing to serve under a reformed system of government [*cf.* paragraph 74 (*i*) of the Lee Report] The Government of India actually proposed to reduce the rates, a proposal which the Secretary of State did not see his way to accept.

It is probably true that the most liberal compensation terms conceivable can hardly be any equivalent for the normal conclusion of a successful official career; but if the question should come up again in circumstances in which the governing consideration were, not the individual officer's dislike of constitutional reform, but a determination by Government, on grounds of public policy, to introduce fundamental changes in the system of administration, involving radical modifications of the personnel conducting it, the question of introducing some substantial element of "compensation for loss of career" can hardly fail to arise.

SERVICES AND GENERAL DEPARTMENT,
INDIA OFFICE,
May 1928.

APPENDIX I (see page).

A.—Premature[Retirements, 1922 to date.



B.—Premature Retirements according to Length of Service rendered.

Service.	Under 5 years.	5 years and under 10	10 years and under 15.	15 years and under 20	20 years and under 25	25 years and over.	Total	Proportion of retirements to strength of service.
I. C. S . . .	..	5	33	48	33	.	119	1 in 10
I. P. S . . .	2	12	32	38	26	5	115	1 in 6
I. E. S . . .	..	8	24	21	4	..	57	1 in 5
I. S. E . . .	..	9	14	36	18	1	78	1 in 8½
I. F. S. . . .	1	2	12	10	7	3	35	1 in 10
I. A. S. . . .	..	3	3	9	2	.	17	1 in 6
I. M. S. . .	..	..	..	1	1	..	2	1 in 200
I. V. S. . . .	..	..	4	1	4	.	9	1 in 4
Miscellaneous .	..	..	..	1	..	..	1	..
Totals .	3	39	122	165	95	9	433	..

APPENDIX II (see page).

Statement showing the number of Indians in the All-India Services in the years 1920 to 1927 and the proportion reached in 1927 between Indian and European Officers.

Service	Number of Indians in service in								Proportion reached in 1927 between Indian and European Officers (per cent)	
	1920	1921.	1922.	1923	1924.	1925	1926	1927.	Indians	Europeans.
Indian Civil Service*	157	772	208	226	253	267	286	311	25	75
Indian Police Service	19	35	40	62	79	93	95	105	15	85
Indian Forest Service	4	28	42	51	73	84	80	94	26	74
Indian Service of Engineers	291	289	290	301	308	301	301	304	45 6	54 4
Indian Medical Service† (including both civil and military side of the Service)	79	127	140	155	150	151	161	163	25	75
Indian Educational Service‡—										
Men's Branch	39	46	121	129	120	120	119	115	44	56
Women's Branch	..	1	5	9	9	9	6	7	26	74
Indian Agricultural Service‡	15	17	33	40	36	36	36	36	35 3	64 7
Indian Veterinary Service‡.	1	1	1	2	2	2	2	2	6 7	93 3

* Including officers holding listed posts.

† There were 135 Indians on 1st January 1927 holding temporary commissions in the Indian Medical Service who are not included in these figures

‡ Recruitment has been stopped

APPENDIX III (see page).

Indian Civil Service Recruitment (1907-27).

Year.	Europeans.		Indians.		Total. Europeans.	Total Indians.
	By open Competition (London).	Under special regulations (ex-Service Candidates).	By open competition (London and Allahabad).	Under special regulations		
1	2	3	4	5	6	7
1907	54	..	4	..	54	4
1908	49	..	3	..	49	3
1909	51	.	1	..	51	1
1910	59	..	1	..	59	1
1911	50	..	3	..	50	3
1912	40	.	7	..	40	7
1913	42	.	2	..	42	2
1914	46	.	7	..	46	7
1915	11	.	3	..	11	3
1916	4	..	5	..	4	5
1917	1	..	5	..	1	5
1918	0	..	9	..	0	9
1919	1	62	5	34	63	39
1920	0	44	6	..	44	6
1921	3	27	13	12	30	25
1922	6	3	10+12*	1	9	23
1923	7	..	4+11*	..	7	15
1924	3	..	8+7*	..	3	15
1925	21	..	15+7*	..	21	22
1926	29	..	11+7*	..	29	18
1927	37	..	21+16*	..	37	37

* Selected in India It should be explained that as the Indian examination is held in January and the London exa
available to be thrown open to com

olumn 4), 10 are being
the number of Euro-

APPENDIX IV (see page)

Extract from Despatch form the Secretary of State for India in Council to the Government of India, no. 5, Public, dated 9th February 1922, regarding matters connected with the Pensions of Officers of the Civil Services in India. [Cmd. 1625.]

4 It would, of course, be idle for me to pretend that any declaration by myself, by the Council of India, or by His Majesty's Government as at present constituted, would have the effect of binding any future Government or Parliament as to the measures which they should respectively propose and ratify to safeguard the existing and accruing rights of persons in the Civil Service of the Crown in India whose conditions of employment may be affected by whatever further legislation Parliament may, in its wisdom, decide hereafter to enact in pursuance of the policy inaugurated by the Act of 1919. But it is evidently not generally appreciated that no change in diminution of the powers of control now exercised by the Secretary of State in Council in this regard, nor in modification of the law which now makes such pension, a statutory charge upon the revenues of India, could be effected without the fullest public discussion and by means of express Parliamentary enactment. It cannot be anticipated that His Majesty's Government and Parliament will treat lightly their obligation to ensure as an essential part of such an enactment that all pensions current at the time shall continue to be paid, that those officers whose services may have to be compulsorily terminated shall be adequately compensated, and that those who are entitled to pensions shall receive them. But in any event I desire to place on record, with the full concurrence of my Council, my conviction that no future Secretary of State in Council of India will be found wanting in his duty of securing the fulfilment of those obligations, or will be found willing to surrender in the smallest degree the control which he exercises under the existing law, save on conditions which will adequately ensure that rights and expectations which it is now his duty to protect are fully guaranteed.

INTERNATIONAL STATUS OF INDIA.

International Status of India.

Introductory Summary.

1. When at the Paris Peace Conference plenipotentiaries, holding full powers on behalf of India, signed the Treaty of Versailles, India, thereby became an original Member of the League of Nations and was thus for the first time brought into direct and formal contact with the outside world as a separate entity. The situation thus created was highly anomalous and one impossible to harmonise with the constitutional position as defined in the Government of India Act. The anomaly is evident. On the one hand, as the powers of superintendence, direction and control, vested by the Act in the Secretary of State, still extend to the most important affairs of government in India even in the internal sphere, these powers extend *a fortiori* to all matters affecting her external relations, and occasions for their exercise are more likely to arise in the external than in the internal sphere. The existence of these powers would, therefore, seem to preclude the idea of a separate international status for India. On the other hand, by being placed on an equality with the self-governing Dominions at Versailles and in the League of Nations, India has been treated as if she had attained to the same kind of separate nationhood as that now enjoyed by those Dominions.

2. The purpose of this note is to state the problems which have resulted from this anomaly and the manner in which they have been solved in practice. It will be seen that it has been the deliberate object of the Secretary of State to make India's new status a reality for practical purposes within the widest possible limits. It was not open to him to relinquish his constitutional power of control, nor, consistently with his responsibility to Parliament, could he delegate it to a subordinate authority, but it has been his constant endeavour to restrict its exercise to a minimum, to keep even its existence so far as possible in the background, and to allow to the Indian Government the greatest possible freedom of action under the influence of their Legislature and of public opinion.

3. The degree and kind of quasi-independence in her external relations which India has actually been able to enjoy in virtue of membership of the League, and the means by which this development has been made possible, can best be explained by examining concrete examples. The whole situation, besides being theoretically anomalous, is still too new and experimental to allow of the formulation of any but the most general principles. Some mention will, therefore, first be made of the history of the subject and of the positive results of India's separate membership, the advantages which have accrued from it in practice, the extensive co-operation which she has been able to give to the League, the personnel of the Indian delegations and the independent character of their activities. The examples given will illustrate the extent to which the Secretary of State has recognised that India may, and should,

pursue an independent line of action within very wide limits, which cannot be precisely defined, even though (as has occurred in some instances) it brings her into conflict with His Majesty's Government. In the event of such conflict within these limits, the Secretary of State acts, if he acts at all, as head of the Government of India rather than as a member of His Majesty's Government. He can sometimes by his advocacy win over the latter to the Indian point of view. If he cannot do this, he does not use his power to impose on the Indian delegation an artificial solidarity with the British delegates, but rather, with the consent of his colleagues in His Majesty's Government, he stands aside and allows to the representatives of India the same freedom as Dominion delegates would enjoy in a controversy with the delegates of Great Britain. In matters which are not of first-class political importance it is not necessary that the seven British Empire Members of the League should preserve a united front.

4 The difficulty of reconciling the facts with the constitutional position has been specially prominent in connection with the control of India's representatives at the League Assembly and the numerous international conferences to which she is now regularly invited. Constitutionally the Secretary of State is the ultimate authority for appointing and instructing these delegates, but the unqualified and ostensible exercise of this authority would at once destroy the quasi-independent character of India's representation. This difficulty has been met, so far as possible, by the establishment of a *modus vivendi* on the basis that, in making appointments and giving instructions, the Secretary of State and the Government in India act jointly in consultation and agreement with each other. The details of this working arrangement and the success attending it will be described towards the end of this note. The degree of initiative taken by each side in the process of reaching agreement varies according to the nature and importance of the occasion, and it has, of course, been necessary to recognise, as between the partners in this "convention" that the ultimate, even though latent, control, especially in the matter of instructions, rests with the Secretary of State.

Historical.

5. Before the war Indian interests were separately represented at international conferences of certain types. But this separate representation had no political significance. These conferences were meetings of departmental officials or experts on technical or scientific subjects, the most important being meetings arranged by international bureaux such as those of the Postal and Telegraph Unions, the Institute of Agriculture at Rome, and the Office of Public Health at Paris. The last named is concerned with international sanitary matters, on which it was important to co-ordinate Indian policy with that of His Majesty's Government, and India was represented in it by the Secretary of State's medical adviser; but generally speaking India's representation at

Conferences of the pre-war types was a question of domestic Indian concern in which the Secretary of State seldom found occasion to interest himself directly.

Treaties concluded by His Majesty's Government on non-political subjects, such as commercial treaties, were sometimes drawn up in a form leaving India free to accede or not according to her special needs and interests *even when she was not separately represented in negotiations.*

Imperial Conference.

6. Historically the new international status of India was the direct result of her admission to the Councils of the Empire on a footing of equality with the self-governing Dominions. Before 1917 the composition of the Imperial Conference was confined to members of His Majesty's Government and of the Governments of the Dominions. But in view *of her war effort India was represented at the Special Imperial* War Conferences of 1917 and 1918 and in the Imperial War Cabinet. The Conference of 1917 expressed the view that India should be represented at all future Imperial Conferences, and this was agreed to by all the Governments concerned. India has accordingly enjoyed full membership of the Imperial Conference since 1917.

Paris Peace Conference.

7. A resolution of the Imperial War Conference, 1917, referred to the Dominions as "autonomous nations of an Imperial Commonwealth" and to India as "an important portion of the same," and claimed the right of the Dominions and India to an adequate voice in foreign policy and foreign relations. The decision that India should be represented at all future Imperial Conferences, the great assistance rendered by her during the war, the precedents of 1917 and 1918 and the resolution just quoted, all had their influence on the next step in the evolution of her international status. When at the Paris Peace Conference special representation was given to the four chief Dominions in the British Empire Delegation, the same treatment was accorded to India. Thus it came about that plenipotentiaries holding full powers in respect of India (although the Secretary of State himself was their leader) took part in the discussions at Paris and signed the Treaty of Versailles and the other Peace Treaties (except Lausanne). India was treated formally in all [illegible] the same footing as the Dominions. Like them she became [illegible] with them [illegible] y attained in 1919. As a Member of the League she is necessarily a separate party to League Treati[illegible] with the Dominions (theoretically, at all events) [illegible] joy in regard to all [illegible] lutions of the Imperial Conferences of 1923 and 1926.

League of Nations.

8. It is a striking paradox that, in spite of the fact that India has not yet reached the stage of autonomy in internal affairs which was reached long before the war by the Dominions, she has nevertheless been treated as though she shared in the latters' status in regard to external affairs and in the enhancement of it which they have obtained as a result of the war. A typical instance of their enhanced status is their separate membership of the League of Nations, and when the Dominions were given places in the Annex to the Covenant as original members India was included with them. This was specially anomalous, as Article 1 of the Covenant provides that "any fully self-governing State, Dominion or colony not named in the Annex may become a Member of the League . . .". In other words, self-government is a necessary qualification for admission to the League by election by the League Assembly. India is an original Member named in the Annex, but she is the only Member of the League that is not self-governing.

At that time, however, responsible government had been proclaimed as the goal of policy in regard to India, and the reforms of 1919 were in contemplation. It was recognised that India's constitutional position was one of transition, and this, no doubt, was another factor in the events outlined above which enabled India to attain an international status comparable with that secured by the Dominions, culminating in her separate membership of the League of Nations.

Meaning of Expression "Government of India."

9. Although India has thus shared in from the advance of the Dominions to international status, the implications of the separate representation of "India" are necessarily different from those of the separate representation of Canada, Australia, etc. At merely technical conferences of the pre-war type (referred to in para. 5 of this note) the entity represented was the "Government of India," and it was not necessary to enquire whether this meant merely the Executive Government in India or the whole of the larger organism through which sovereignty is exercised in India. But in attempting to describe the nature of India's new international status it is necessary, before proceeding further, to understand what is meant by the term "the Government of India." This expression is not found in the Government of India Act and is not defined in statute. In Acts of the Indian Legislature, and as currently used in the India Office, it means the Governor-General in Council, but if it is to be used accurately in an international connection it must clearly mean the whole organisation responsible for the government of India, of which the Governor-General in Council is only a part; and for practical purposes it may be taken to mean the Governor-General in Council *plus* the Secretary of State. In order to avoid ambiguity, the expression will be given the latter sense when used in this note, though it is not its commonly accepted use, and when "the *Government of India*" in the usual sense of the Executive Government in India is meant, the

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well as in some important non-League conferences, including the Washington Conference on Naval Armaments in 1921 and the Genoa Economic Conference in 1922 India is also represented on several permanent League bodies, e g, the Governing Body of the International Labour Office, the Advisory Committee on Opium and Drugs, the Economic Committee the Health Committee and the Committee on Intellectual Co-operation, and Sir A. Chatterjee, is a Vice-President of the important Consultative Committee constituted to follow up the work of the Economic Conference of 1927 The *personnel* of her delegations is largely Indian in race. One or two Indians are associated with the Secretary of State as her representatives at the Imperial Conference. Of the three delegates which each State Member is entitled to send to the League Assembly two have always been Indians. At the International Labour Conference one of the Government delegates has been an Indian each year except 1920 (in 1921both were Indians), the workers delegates have always been Indians, and the employers' delegates on two occasions. At the special League Conferences it has frequently been necessary to appoint experts who were naturally often Europeans, but at the Brussels Financial Conference,1920, and the Geneva Economic Conference, 1927, there were Indian representatives, and at four of the other League Conferences the delegate has been an Indian, including three held in 1927. The representatives of India in the British Empire delegation at two important non-League Conferences (Washington 1921 and Genoa 1922) were also Indians.

At all of these meetings Indians have the duty of explaining and defending India's position in regard to the matters under discussion which are of direct conern to her; they have the opportunity of familiarising themselves with wider international problems and co-operating in their solution, and are able to establish personal contacts with representatives of the Dominions and foreign countries The Secertary *of State and the Government in India are at one in attaching the* greatest importance to the association of Indians with Imperial and international work, and, provided always that the representation of India is not thereby prejudiced, the tendency is more and more to give effect to this policy.

India's membership of the League has had the effect of stimulating her national self-conciousness and has laid the foundations of an informed public interest in international affairs. Although the rules of business prohibit the discussion of foreign affairs in the Indian Legislature, they have been interpreted with sufficient elasticity to allow discussion of many questions actually before the League which affect India The reports of the Indian delegations at the Assembly, the International Labour Conference, and certain other Conferences, are published by the Government in India Steps are being taken to establish an office of correspondent for the International Labour Office in India. An Indian branch of the League of Nations Union has recently been founded, and there is a growing public interest in the League in

India, though it cannot be said that the Indian Press has hitherto shown much interest in League matters.

India's active co-operation with the League.

13. India's representatives have not confined themselves merely to the rôle of spectators, but have played a prominent part in many of the meetings which they have attended. She has fully justified her position as a separate Member of the League by her co-operation in the economic and social spheres which form so large a part of its activities. She has ratified 11 of the draft conventions adopted at International Labour Conferences and 9 conventions or international agreements (besides minor instruments) promoted by the League. Her membership of the League has thus had an important influence on domestic Indian policy, and the progressive social and labour legislation of recent years was partly undertaken in order to give effect to her international obligations. Her co-operation has been specially marked in the work of the Labour Organisation. She has been recognised as one of the eight States of chief industrial importance entitled by the Treaty of Versailles to a seat on the Governing Body as of right. She has taken a leading part in the work of the Organisation, and this fact has been recognised in many tributes paid to her in the Annual Report of the Director, and by the unanimous election of Sir A. Chatterjee as President of the Conference in 1927.

Independent Action of Indian Delegations.

14. In speaking and voting at the League Assembly and other Conferences the British Dominions and Indian delegates act separately. Naturally, just as any group of States with common interests, such as Latin America or the Little Entente, endeavour to act together when questions affecting those interests arise, so the Empire delegations endeavour to act together on questions affecting the British Empire as a whole. But, on the other hand, on certain questions where special Indian interests are involved, the Indian Delegation can and does take an independent line, and may even find itself in opposition to other parts of the Empire. In economic, financial, social and labour questions, Indian interests often differ fundamentally from those of Great Britain, and such questions are included in the sphere of legitimate independent action. To illustrate this, some instances may be cited of separate action to safeguard special interest which might well have been overlooked if India had had no representative of her own but had been compelled to rely on the advocacy of an overworked British delegate. Some examples of action in opposition to the British Delegation will also be mentioned.

15. At the Labour Conferences of 1919 and 1921 the Indian delegates were able to obtain the insertion of articles in the Conventions on Hours of Work and the Weekly Rest Day expressly applying to India and providing for an easier *régime* in view of the special conditions of Indian

industry. Similarly in the Barcelona Transit Convention of 1921 and the recent Geneva Convention on Import and Export Prohibitions and Restrictions, special provision was made to meet the peculiar circumstances arising from the existence of foreign enclaves in British-Indian territory. Again at the Arms Traffic Conference, 1925, the Passports Conference, 1926, and the Transit Conference, 1927, through the presence of separate Indian delegations special attention was drawn to Indian interests. India has also been able through her own delegates to press her claims for more adequate representation on permanent international bodies, and it was by such persistent effort that she secured a place on the Governing Body of the International Labour Office and the Permanent Health Committee of the League. Usually, though not always, in such matters the Indian representatives can count on the support of the British Delegation. But sometimes when the delegates of the British Government were indifferent or inclined to the opposite view the Indian delegates have converted them, or the latter, on revised instructions received from London, have modified their original attitude. Thus, for example, at the Labour Conference of 1922 India had a very definite interest in the question of the reform of the Governing Body; the Government of India's delegates at first met with no success, but at a meeting of Empire delegations Sir L. Kershaw was able to win over the British Government delegates; the latter obtained fresh instructions and in the end the Indian proposals were carried by the overwhelming majority of 62 to 8. Again, at the Assembly of 1923 the British Delegation applied for and received new instructions which enabled them to meet the immediate wishes of the Indian Delegation on a point connected with the troublesome question of the allocation of the expenses of the League; and at the Conference on opium and drugs in 1925 the question of Indian hemp was settled in a manner satisfactory to India with the support given by the British Delegation in accordance with instructions received.

Opposition to British Delegations.

16. But sometimes on non-political questions the British and Indian Delegations have remained in opposite camps. On such questions, when special Indian interests are at stake India's right of independent action extends to speaking and voting against the views advanced on behalf of His Majesty's Government. For example, at the Labour Conference on maritime questions in 1920 the Government of India gave a clear mandate to their delegates to secure special treatment for Indian seamen, and the Secretary of State instructed them during the Conference to do everything possible to counter a strong move which it was believed, was being made to drive lascars off British ships. The action which the delegates felt bound to take to carry out these instructions caused great annoyance to the British delegates. The latter complained in their report, but the conduct of the Government of India's delegates was successfully defended by Mr. Montagu.

Another striking case of opposition between the delegates of the Indian and British Governments arose on the questin of the compulsory disinfection of wool against anthrax at the Labour Conferences of 1921 and 1924.* In 1921 the Government of India's delegates secured the reference of the question to an expert committee. At a meeting of the Governing Body of the International Labour Office in 1923 a further postponement was obtained; during the meeting Lord Peel declined to send instructions to Sir L. Kershaw, the representative of India. When the question came again before the Conference in 1924 the Indian Delegation secured the rejection of the British proposals.

One instance may be mentioned of independent action against the views of the British delegates in a matter which did not involve any special Indian interests. In recent years, the British delegations at the Assembly have championed the cause of economy in League expenditure. But they were not always of this mind. At the first Assembly in 1920, they viewed the question with indifference, if not with disfavour. This, however, did not prevent the Indian Delegation from initiating a vigorous campaign in the interests of economy in 1920 and 1921. The result was that the Supervisory Commission was set up and the internal finances of the League were completely reformed. The late Sir W. Meyer, as head of the Indian Delegation, was the pioneer of this movement to which the British Government soon became entirely converted.

Limits of independent action.

17. On occasions of the kind hitherto considered the Secretary of State, when he has acted at all, has acted as head of the Government of India. In the cases of conflict between Indian and British interests he has championed the former and has sometimes succeeded in modifying the attitude of His Majesty's Government so as to square it with that of the Government of India. Because the Secretary of State has two capacities, and besides being head of the Government of India is also a member of His Majesty's Government, he has been able to do this more effectively than an agent of an independent Government of India could possibly have done. But there is, of course, another aspect of the work of co-ordinating Indian and British policy. On

* The point at issue is explained in the following extract from the Report of the Indian [illegible]

[illegible] ved mainly by hum[illegible]tarian consi- [illegible] ool by erectin[illegible] nsive dis- [illegible] to compel th[illegible] ion of all [illegible] l and goat ha[illegible] so sche- [illegible] le. The Uni[illegible] autho- [illegible] of similar [illegible] regula- tions in other countries consuming w[illegible] ticularly [illegible] m and through India, the Indian [illegible] e may [illegible] ed from [illegible] gdom. It was mainly at the [illegible] the I[illegible] that the [illegible] luded in the agenda of the [illegible] ng of [illegible] d the [illegible] Office may be said to [illegible] Draft Convention [illegible] Lal [illegible] it o [illegible] ing countries to arra[illegible] feet [illegible] eit [illegible] port or at the port [illegible]

matters of high policy the Secretary of State's powers of supervision have to be exercised so as to prevent an unnecessary divergence between the attitude of India's delegates and the policy of His Majesty's Government as the custodian of Imperial interests Here it is of ten not so much a question of any conflict of interests, since the greater includes the less, but there may be a divergence between Imperial interests on the one side and the views of the Indian public on the other which are naturally and properly reflected in the views expressed by the Governor-General in Council The Secretary of State, however, has first-hand knowledge of the policy of His Majesty's Government and it is his function to ensure that India's delegates keep in step with British policy in matters of high policy, and that the maximum possible effect, consistent with this primary requirement, is given to the Government of India's views.

In Foreign Policy.

18 It is principally in the spheres of foreign and "inter-Imperial" policy that this task of co-ordination falls to the Secretary of State as the connecting link between His Majesty's Government and the Governor-General in Council and in either sphere if the two Governments have different views they must be adjusted domestically.

It is obvious that India, under her present constitution, cannot have a separate foreign policy of her own, and that in major questions of foreign policy she must be guided by His Majesty's Government. It is, therefore, not a necessary or invariable rule that she should even be separately represented at first-class political conferences outside the League, and at the Geneva Naval Armaments Conference of 1927, for example, she was not represented otherwise than by Mr. Bridgeman. At the Washington Conference, 1921, she was represented on the same footing as the Dominions because of her interest in the Pacific Question and in China, but on that occasion her representative like those of the Dominions, though a plenipotentiary, was merely one member of the combined British Empire Delegation, and did not constitute a separate delegation; this had also been the method of representing the Dominions and India at the Paris Peace Conference.

In Inter-Imperial Policy.

19. Again, the position of the Secretary of State enables him to co-ordinate Indian policy with that of His Majesty's Government, so that a united front is preserved at international meetings in regard to major questions of Imperial policy, and open ventilation of disputes between India and other parts of the Empire is avoided. This is not always an easy matter, since disputes regarding the status of Indians in the Dominions and Colonies have been very common, and feeling in India on such questions naturally runs high. There is, therefore, always a risk of Indian public opinion wishing to appeal to the League in a dispute between India and some other part of the Empire; for

example, in 1925 the Indian Legislative Assembly passed a resolution

immediate redress. The Government of India took no action on the lines recommended, but the resolution is symptomatic of Indian feeling.

General Conclusions as to the Limits of independent Action and as to the Relations between the Secretary of State and the Government in India.

20. Thus, though the proper limits of India's independent action cannot be precisely defined, it is possible on this part of the problem to formulate certain general, though rather obvious, conclusions. It is clear that there must be such limits, and that independent action on first-class questions of foreign and inter-Imperial policy could not be contemplated. As regards foreign policy, the position of India is most clearly differentiated from that of the Dominions. It is still recognised that a common policy in foreign affairs between Dominion Governments and His Majesty's Government is very desirable, but it has also long been recognised that the machinery for obtaining it is very imperfect. India here has an advantage, of a kind, over the Dominions in that co-ordination of the views of the Government in India and in Great Britain, and the modification of the latter to suit the former, does not depend on occasional Imperial Conferences, long-range correspondence, the activities of subordinate liaison officers and the other devices on which the Dominions have to rely. India has a spokesman in the British Cabinet itself, who at each turn of events can represent her interests and the views of her Government, and who can ensure that the greatest possible effect is given to them which is consistent with the wider information and the general policy of the Government at home. But this advantage carries with it a necessary implication. If the Government in India desire certain action on a first-class question of foreign policy they must attempt to persuade His Majesty's Government; if, in spite of the full opportunity which they enjoy for making representations, the policy of His Majesty's Government cannot be adjusted to meet their views, India cannot utilise her international status to take an independent line of action. In regard to controversial inter-Imperial questions the conditions are slightly different, but the result is the same. Occasions for controversy between two Dominions are rare, though there is a greater risk of controversy between a Dominion and Great Britain. It is generally recognised that such differences ought to be adjusted domestically, for example at the Imperial Conference, though occasions when they are made known to the outside world cannot always be avoided. For example, diametrically opposite views as to the registration of the Anglo-Irish "treaty" with the League Secretariat have been communicated to the League. Occasions for controversy between India and a Dominion have unfortunately been not uncommon. Here it is accepted as an invariable principle that any such difference should

be discussed domestically at the Imperial Conference or in *ad hoc* negotiations between the Government in India and the Dominion Government, either direct or through His Majesty's Government as intermediary

In matters, however, of special Indian interest, of which some examples were given in paras. 14—16 above, the Secretary of State is concerned to a less extent. But even in such matters he cannot constitutionally divest himself of responsibility, nor indeed is it desirable, for practical reasons, that he should do so. He is ultimately responsible for the action of the Governor-General in Council and might conceivably take a different view as to the requirements of India's interests even in a purely domestic matter, moreover, though the Governor-General in Council can speak with greater knowledge of Indian requirements, the Secretary of State is better informed of the conditions in which these requirements will have to be discussed, he has more up-to-date knowledge of the work of preparation for conferences to be held in Europe, of the attitude of the British Departments concerned, of other Empire Governments, and very likely also of foreign Governments; such information may have an important bearing on the tactics to be employed and is therefore helpful for the purpose of briefing the delegates even from the exclusive point of view of Indian interests.

Secretary of State's Control in connection with India's Representation at Conferences.

21. The Secretary of State's control, in so far as it is in practice exercised, relates to the choice of representatives of India at conferences and to the instructions to be given to them. But, as will be seen from what follows, this does not mean that his control is exercised in the sense of overruling the Government in India. In the nature of the case there is seldom any occasion for this because the conditions are entirely different from those which obtain when the Government in India and the Secretary of State differ in regard to an internal question of Indian policy. In connection with Imperial and International Conferences held in Europe the normal rôles of the Government in India and the Secretary of State are to some extent reversed; the latter is the "man on the spot" and the former is remote from the scene of action. Consequently, while the Government in India are invariably consulted and usually take the initiative in making proposals, they are nearly always ready to defer to the judgment of the Secretary of State and to accept any advice or suggestion which he may make before the final arrangements are decided. In these circumstances differences of opinion between the two authorities are rare, and when they arise are capable of easy adjustment. It will be seen from the following description of the developments that have taken place during the past eight years that something in the nature of a Convention is in process of being built up and that in these matters the relationship between the Secretary of State and the Government in India is of the nature of a partnership.

System of Mutual Consultation and Agreement.

22. It was early recognised that it would be difficult to find a satisfactory solution of the problem whether India's delegates should be formally regarded as delegates of the Government in India or as dependent directly on the Secretary of State. The problem took the form of the immediate practical questions, which was the authority to appoint and accredit delegates, to instruct them and to receive their reports. It was evident that a premature official ruling on these questions would be likely to lead to embarrassment in one direction or another. On the one hand, if it were definitely decided that the Secretary of State was the authority, it would give the impression to outsiders and to the Indian public that India's new international status was a mere pretence; this would have been unfortunate and very far from the truth. On the other hand, it would have been dangerous to foster any illusion, which must quickly have been shattered by events, that the new status meant that India is as independent as the Dominions in regard to all external affairs. It was thus necessary to steer a course between Scylla and Charybdis. After discussion of the difficulties a provisional *modus operandi* was proposed in 1920. Though at that time there had been but little experience of India's new status in regard to her representation at international conferences, most of the principles which were then proposed have been consistently adopted in the procedure which has since been built up. These principles are:—(1) That a formal decision to the effect that either the Secretary of State or the Government in India is the proper authority in Imperial and international questions should be avoided; (2) that it should be tacitly recognised that the Secretary of State is, as a fact, responsible for the representation of India in those questions; but (3) that the appointments and instructions should be subject to prior consultation and agreement between the Government in India and the Secretary of State; and (4) that reports should be addressed according to circumstances.

Appointments.

23. *In reply to a question in the House of Commons on 14th July* 1924, in regard to the representatives of India at that year's Assembly of the League of Nations it was stated that the delegates were appointed by, and responsible to, the Secretary of State acting in consultation with the Government of India, but in accordance with the principle laid down under head (1) care is always taken to avoid describing the delegates [illegible] cretary [illegible] unless it [illegible] to make no mention of [illegible] to describe them simply [illegible] ogy is used at Imperial Conferences, League of Nations Assemblies, and at all other conferences

except in certain cases where the delegates are described as delegates of the "Government of India." The deliberate object is to avoid any definition of the appointing authority so far as possible in communications addressed to the convoking authority and to the delegates; to state in all cases that the authority is the "Government of India" might lend colour to an impression that India, like other State Members, has a responsible Government of its on; to state that it is the Secretary of State would be to assert unnecessarily that the Government in India is only a branch of His Majesty's Government. Of course, the letters of appointment have to be issued by some authority, and except in the case of International Labour Conferences, they are issued from the India Office; this is natural, because the India Office is the channel through which the invitations are received. Appointments to the International Labour Conference are made by the Government in India and notified by them direct. This procedure is followed because employers' and workers' delegates, as well as Government delegates, have to be appointed, and it is convenient that the credentials of the non-official delegates should be prepared by the Government in India, since they alone have the precise information which it is necessary to give as to the *organisations of employers and workers which recommended the appointments.*

24. The principle of prior consultation and agreement as to the persons to be appointed is followed, except in rare cases where time does not permit. Consultation may be either official or private, and always ends in agreement; the usual procedure is that the Secretary of State, upon receiving an invitation to a conference, asks the Government in India for their proposals; on receiving them he is usually able to agree at once; if not, he makes suggestions which the Government in India very probably accept; if the difference of opinion continues, the Secretary of State, even though doubtful of the wisdom of the proposals made from India, would probably agree to them unless the conference were a very important one and he held strong views as to the method of representation. Since this system was initiated only one case has occurred in which, by oversight, a delegate other than the person nominated by the Government in India was appointed without first obtaining their consent.

Instructions.

25. There is always prior consultation, when time permits, as to *instructions*, but here the position is less fluid than in the case of appointments. Both on constitutional grounds and for the practical reasons indicated earlier in this note, whoever represents India at a conference must obey any instructions which may be given directly or indirectly by the Secretary of State; this principle is specially obvious at the Imperial Conference where the Secretary of State is himself the chief representative of India. The briefs for Imperial Conferences are prepared by the Government in India and transmitted through the

Secretary of State, if and as approved by him, to the other delegates, after first consulting the Government of India, if time permits, on any important alterations which he may make.

Briefs for the delegates to the League of Nations Assembly, where the subjects on the agenda are usually of a wide and general nature, are normally prepared in the India Office, on materials supplied by the Government in India when necessary, and instructions, when required, are given by the Secretary of State direct, after consultation with the Government in India.

Instructions for other conferences also are sometimes prepared in the India Office; when this is done the Secretary of State consults the Government in India beforehand, so far as is possible; it may not be necessary to do so when the brief is based on material already supplied by the Government in India or when the Secretary of State already knows and agrees with their policy.

Usually, however, instructions are prepared by the Government in India; but they are submitted in draft to the Secretary of State for his approval, except in the case of certain classes of technical conferences in which India participated even before the war. This procedure has now been definitely laid down in a despatch from the Secretary of State of 1926, which was readily accepted by the Government in India.

Lord Reading's Views on the System of Consultation.

26. Lord Reading in a note recorded at the end of his Viceroyalty stated his conclusion that the system of consultation had worked satisfactorily and that the Government in India, without any definition of its problematical rights, already in practice obtained all the advantages which it might claim. The Secretary of State had always consulted him, and they had by private communications arrived at selection of delegates. In almost every case, if not in all cases, the Secretary of State had asked him for his views regarding delegates and he recalls no instance of the Secretary of State failing to accept his suggestion. Lord Reading also pointed out that the League of Nations Assembly was largely concerned with European and international affairs of which India has but little knowledge or information, and that in practice it is more convenient that instructions (for the League Assembly) should issue from the India Office.

Reports of Delegates.

27. Reports on the Internatioeal Labour Conferences are sent to the Government in India, a copy being simultaneously sent to the Secretary of State. Other reports are normally addressed to the Secretary of State or, if not in the form of a letter so addressed, they are submitted to the India Office; this is convenient, as the Secretary of State is the nearer of the two authorities. Copies of the reports are, of course, immediately sent to the Government in India.

Channel of Communication.

28. Before 1919 the Government in India were not permitted, with certain exceptions, to communicate with authorities elsewhere otherwise than through the India Office. They now have greater latitude, but the Secretary of State is still, generally speaking, the prescribed channel for correspondence on important issues of policy and for communications addressed to the League of Nations and International Labour Office, except those on routine matters or relating to the supply of information. Communications regarding signature of, or accession to, or ratification of, international instruments are not made direct by the Government in India to the international authority. The Director of the International Labour Office usually addresses the Government in India direct, sending the India Office copy of his communications, but the replies from India to his questionnaires and communications on matters of policy pass through the Secretary of State. Communications from the Secretariat of the League invariably come through the Secretary of State.

Position of Indian States. Ruling Prince as a Repersentative of India.

(a) At the Imperial Conference.

29. When the question of India's representation in the Imperial Conference was first discussed in 1915 it was not apparently contemplated that one of the representatives might be a Ruling Prince. Lord Hardinge, in the Debate in the Indian Legislative Council on 22nd September 1915, suggested that the representatives, in addition to the Secretary of State, would reasonably be "officials resident in or serving in India."

Actually, however, a Prince has been one of the representatives associated with the Secretary of State at the Imperial War Conferences of 1917 and 1918, and in the Imperial War Cabinet, and also at the Imperial Conferences in 1921 and 1923, but not in 1926 nor at the Imperial Economic Conference, 1923.

(b) At the Paris Peace Conference.

The prominent part played by the Princes in India's war effort was doubtless one of the reasons for including a Prince in the Imperial War Conferences and Imperial War Cabinet. This also, presumably, influenced the decision to make a Prince one of India's representatives at the Paris Peace Conference in 1919, and the Maharaja of Bikaner signed the Treaty of Versailles as one of the plenipotentiaries empowered to act in respect of India.

(c) At the League of Nations Assembly.

It was a practical necessity that "India" and not "British India" should become a Member of the League of Nations; otherwise the Indian

States would have had no part in the League except to the extent that they could be regarded as represented through His Majesty's Government. They could not be regarded as eligible for separate membership as they are precluded from any foreign relations and consequently have no separate international status.

"India" is defined in the Interpretation Act, 1889 [section 18 (5)], as "British India, together with any territories of any native prince or chief under the suzerainty of His Majesty." As the Indian States are part of India as a State Member of the League, and in view also of the precedents of 1917, 1918, and 1919, the question arose in 1920 whether, and in what manner, the Indian Princes were to be represented in the Indian Delegation to the First Assembly of the League, and it was decided that one of their Order might be asked to serve personally as a delegate. The Maharaja of Nawanagar was chosen accordingly as one of the delegates, and the precedent of selecting a Ruling Prince as one of the representatives of India at the Assembly has since been followed.

30. It has been recognised that the inclusion of a Prince in the delegation is something of an anomaly, as the Indian States do not necessarily consider themselves automatically bound by all the treaty obligations assumed by the Government of India. Further, one Prince cannot answer for the whole order of Princes, as there is no machinery for the selection of a representative. Nevertheless there are certain advantages in including a Prince in the delegation. When the Government of India assume treaty obligations applicable to British India, they may have to rely on persuasion to induce the Princes to take parallel action, and it is therefore advantageous to Government and perhaps only fair to the Princes that one of them should be present so that he may watch over the interests of the States so far as possible and be able on his return to India to explain to his brother Princes the nature of the obligations which they may be asked to assume.

Capacity in which he serves.

31. The Prince who is included in the Indian Delegation does not and cannot act as a separate representative of the Indian States; all three delegates are representatives of India as a whole, and in the letters of appointment the Prince, like the other delegates, is described as a representative of India In the earlier years (*e.g.*, in 1921 and 1924) there were indications that the Princes themselves sometimes misunderstood the position. The true position, as now clearly understood, is that the Indian States have no inherent right to "representation" on the Indian Delegation to the Assembly or Imperial Conference; a convention is being established that one member of it will ordinarily be a Prince, but he is one of the representatives of the whole of India, and he and his two colleagues in equal degree severally and collectively represent the interests of the States and British India. He has, it is true, a peculiar position within the delegation itself, and though it cannot be said that even there he represents the States in the full sense of the term

because no machinery exists whereby the States can select a plenipotentiary, he obviously represents the interests of the States in the sense and measure in which his British Indian colleague represents the interests of British India; in the event of a difference of opinion between the Prince and the other delegates, if he fails to convert them to his view, he must either acquiesce in theirs or resign.

Position of Indian States in regard to Conventions to which India is a party.

32. Another fundamental question is how far the British Government binds the Indian States when it undertakes international obligations. The general principle seems to be clear. The Paramount Power exercises some of the attributes of sovereignty on behalf of the States, and in respect of those attributes His Majesty's Government can bind a State absolutely and by its own authority. The most conspicuous case is that of the control of foreign relations, in exercise of which His Majesty's Government can presumably bind a State in any matter which brings it into direct relations with other States outside India, *e.g.*, the traffic in arms, suppression of slave trade with foreign countries and the export of opium. Where, however, the matter is one of purely domestic concern, belonging to the sphere within which States enjoy by treaty or usage varying degrees of sovereignty, the position is different, but the British Government can still use its influence to secure the effective observance by any or all of the Indian States of an engagement, the provisions of which might be applicable to conditions obtaining in the territories of the States.

33. The Government of India was often ready to accept League Conventions so far as British India was concerned, where it was uncertain whether Rulers could properly be asked to enforce them in the Indian States. But a technical difficulty arose from the fact that these Conventions were drawn up in a form which involved their acceptance for the whole of India if they were ratified. In connection with the preparatory discussion of the Slavery Convention of 1926, careful consideration was given to the general question of devising means by which the obligations of League Conventions could be assumed for British India without necessarily committing the States. An article enabling contracting parties to "contract out" for parts of their territories (such as colonies, etc.) normally appears in League and other Conventions, and a solution of the technical difficulty referred to was found by adapting this article so as to permit a contracting party to exclude territories under its suzerainty. League Conventions now contain an article in this form.

Case of Labour Conventions.

34. It was not, however, possible to apply this solution to draft Conventions adopted at International Labour Conferences, which, if ratified, must be accepted without reservations. Further, the procedure prescribed by Article 405 of the Treaty would be difficult to follow

in the case of each Indian State; and it would be absurd if a single dissenting State could prevent ratification of a Convention for British India. It was therefore decided in 1927, after discussion with the Government in India, to explain the practical difficulties to the Secretary-General of the League and to inform him that when a draft Labour Convention is ratified for Indian its obligations are accepted as applying only to British India, though the Government of India would, so far as necessary, use their influence to secure its observance in the State also.

FINANCIAL RESPONSIBILITY OF THE SECRETARY OF STATE.

Financial Responsibility of the Secretary of State.

So long as the Secretary of State remains answerable to Parliament for the maintenance of good government in India, it is evident that he cannot escape from a full measure of responsibility for the financial administration in the broadest sense of the term. The maintenance of sound financial conditions is not only the basis for the maintenance of a good administration, but in this case the responsibility of the Secretary of State is a matter of close practical concern to Parliament, seeing that on the authority of Parliament and on the faith of the Secretary of State acting thereunder, British investors have lent an amount exceeding £240 millions to the Secretary of State for expenditure on Indian purposes, mostly productive enterprises such as railways. This figure excludes liabilities aggregating approximately £80 millions in respect of Railway Debenture Stocks taken over by the Secretary of State, and of railway annuities created by him on the purchase of certain railways. Loans raised by the Secretary of State in Council are charged on the revenues of India alone, and are not guaranteed in any way by the British Government, but the fact that the Secretary of State for India is a member of the British Cabinet has always been regarded by investors as placing their security in a class second only to that of the Imperial Government itself. The loans raised by the Secretary of State under the authority of the East India Loans Acts and issues by the guaranteed Railway Companies are trustee securities.

2. While there can be no question as to the completeness of the Secretary of State's responsibility for the maintenance of good financial order in India, his actual intervention in the details of financial administration has been a decreasing factor since the constitutional changes of 1919. The India Office endeavours to make its touch as light as possible, and broadly speaking the policy has been not to insist on the execution of the India Office views in matters of secondary consequence if the Government of India are not prepared on consideration to adopt them, but to hold fast in matters of major consequence where points of large principle or important matters of policy are involved.

3. Apart, therefore, from certain financial rules relating to the grant of personal privileges or benefits, whose importance rests on considerations other than the amount of money involved, the financial responsibility of the Secretary of State in recent years has tended to be confined to the following main points, all of which subserve the wide interest represented by a high-class standard of financial administration :—

(*a*) The budget and exchange;
(*b*) Military expenditure;
(*c*) Railway and irrigation expenditure; and
(*d*) Loan operations.

(a) Budget and Exchange.

4. As regards the budget, the Finance Act of the year is the pivotal point of financial administration, and on the maintenance of an equilibrium budget depends the reservation of sound financial conditions in

the Indian money markets It may, therefore, be assumed that the Secretary of State would be prepared to exercise his statutory authority if at any time he felt that the conduct of central finances was militating against prudent financial administration. This may be illustrated from the events that occurred towards the end of the war and in the early years after the armistice, when the finances of the Indian Government were seriously disturbed by a number of factors traceable to the war. Budget deficits over five years ending 1922-3 aggregated about Rs. 100 crores, and during that period the Secretary of State endeavoured by every means in his power, acting always in close concert with the Government of India, to arrest the deterioration and to place Indian finance

y means of increased taxation and drastic

was restored in 1923-4, and has since

the same time, it has been possible to

remit certain taxation and this year to extinguish finally the remanent of the provincial contributions.

5. The maintenance of a sound budgetary position by the Government of India is closely connected with the stability of exchange. This is a matter that has always been regarded as a special responsibility of the Secretary of State. The Secretary of State, as is well known, has to meet sterling commitments incurred on behalf of India, covering, for example, interest on sterling loans, payments for railway and military stores, pensions and leave allowances to officials, etc., which aggregate in the course of the year to approximately £35,000,000. On the other hand, apart from unimportant exceptions, the revenues of the Government of India are collected in rupees, and it is therefore necessary to remit from India to London large sums, with a view to meeting the sterling expenditure. It is generally agreed that it is undesirable for a country to increase its external debt more than is unavoidable, and for this reason it is the aim of the Government of India to raise in rupees not only the amount required to meet revenue expenditure in London, but so far as possible, capital expenditure also. Remittance of sums of the magnitude indicated above, in the course of the year, involves the maintenance of stable exchange, which, in its turn, requires that the Government, as the currency authority, should maintain adequate

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trade than it is for Government. The position of the Secretary of State in London, the heart of world finance, may at times enable him to view the problems from a wider angle than is possible for any authority established in India.

6. An important development in this matter should now be mentioned In pursuance of the recommendations of the Royal Commission on Indian Currency, which reported in 1926, the Secretary of State in agreement with the Government of India, accepted a proposal made by the Royal Commission for the creation of a Reserve Bank in India

The creation of this Bank involved special legislation which has recently been before the public. It was proposed that India, following the example of other countries, should at an early date take the step of handing over responsibility for currency and credit control to a Reserve Bank created *ad hoc* and endowed by Statute with special rights and obligations. The Bank was to be independent of Government on the one hand and of the Legislature on the other, and, except for the fact, that the Bank would maintain close contact with the Government of India, Government would have ceased to be directly responsible for the measures required to ensure stability of exchange so long as the Bank carried out the charge entrusted to it. It was part of the proposed arrangement that, if at any time the Bank failed to comply with the provisions of the Act which imposed upon it the duty of maintaining stable exchange, the Governor-General in Council might, by notification declare that the Bank had forfeited the right of note issue, and should then take over the public responsibilities entrusted to it, together with certain assets made over to the Bank for the purpose. Such a situation would obviously indicate a breakdown of the scheme of currency and credit control through the agency of the Reserve Bank. The contingency was, of course, not one apprehended in practice, and the provision of the law was to be regarded as a precaution against a conceivable emergency. This project for the creation of a Reserve Bank in a form deemed suitable by Government was not accepted by the Legislative Assembly. The measure is accordingly in abeyance, and Government continues to exercise the duties of the currency authority.

7. The Government of India Act makes no specific references to exchange as one of the responsibilities of the Secretary of State, nor is it mentioned in the list of subjects in section 67 (2) of the Government of India Act, in regard to which, without the previous sanction of the Governor-General, measures may not be introduced in the Indian Legislature. At the same time it is difficult to contemplate any measure affecting the rate of exchange which would not affect the public debt or public revenues of India. Thus the position of Government in the matter is secured by the Act. The responsibility of the Secretary of State is based on his general responsibility for administration in India, and even the creation of a Reserve Bank does not necessarily involve a change in the legal responsibility of the Secretary of State. This is illustrated by the reference in the last paragraph to the possible resumption of control by Government. It is, however, worth mentioning that the inauguration of the Reserve Bank would involve certain amendments of British Acts of Parliament and Parliament would thus be [illegible]

(b) *Military Expenditure.*

8. The significance of military expenditure to the Secretary of State in Council arises on the Army side from his responsibility to Parliament

for the maintenance of law and order and for preserving the Army in India in a sound state, and on the financial side from the preponderating influence that the military budget exercises on the general budget of the Central Government. This may be illustrated by the fact that in 1928-9, of a total net budgeted expenditure from revenue of Rs. 86½ crores by the Central Government, Rs. 55 crores are allocated to military services. The outlay on defence has therefore the closest bearing on the maintenance of budget equilibrium, the scale of taxation and the availability of resources for progressive administration. Rules have therefore been laid down under which the previous sanction of the Secretary of State in Council is required to expenditure on the inception of a military works project estimated to cost more than Rs. 10 lakhs, and in the case of any other military measure to expenditure exceeding Rs. 5 lakhs.

(c) Railway and Irrigation Expenditure.

9. The railways of India are, with relatively small exceptions, the property of the Government of India, and have been constructed in the main out of monies provided by the Government. These monies have, to a preponderating extent, been raised by loans in London and in India. The control of India's debt is an important part of the responsibility of the Secretary of State in the maintenance of sound financial administration. An increase in debt means an increase in interest charges, which have to be provided from revenue, and it is, therefore, a matter of prime consequence that loans raised for productive purposes such as railways, should in fact be productive, *i.e.*, that the work concerned should provide the interest on the capital, together with a reasonable margin for safety. Questions of purchase of railways or renewal of contracts with sterling Railway Companies involve important issues of policy with which the Secretary of State has always concerned himself. Further, the great cost of a large railway project is in itself a ground for the maintenance of final control by the ultimate authority responsible to Parliament, a fact which is recognised by the present rule requiring the sanction of the Secretary of State in Council to expenditure* chargeable to capital or to revenue on the construction of a new line when the estimated cost exceeds Rs. 1½ crores. Irrigation is now mainly the concern of the Provincial Governments, but being a " reserved subject " ultimate responsibility lies with the Secretary of State, whose sanction is required to project s estimated to cost Rs. 50 lakhs or more.

(d) Loan Operations.

10. The loan operations of the Governor-General in Council are not limited by law either of the British or the Indian Legislature, but the borrowing operations of the Secretary of State in Council are controlled by Acts of Parliament, from whom the Secretary of State seeks additional borrowing powers as may be required from time to time. The

* It may be mentioned that railway and other capital expenditure is mainly " voted " expenditure.

last occasion when such additional powers were sought was in the East India Loans Act of 1923, in which the Secretary of State obtained power to raise £50 million for railway, irrigation and other purposes connected therewith, and £15 million for general purposes.

11. The execution of the Government of India's railway programme, to which reference has been made in a previous paragraph, depended in the past largely on the ability of the Secretary of State to raise loans in London without unduly depressing his credit. In recent years it has been found possible to carry on without regular sterling borrowing, but the need for such borrowing may become apparent at any time,* and so long as this situation endures the Secretary of State cannot be indifferent to the capital programme of the Government of India, of which railways form an important part. In this matter the Secretary of State has a responsibility not only to the people of India, for whose benefit the railways are constructed, but also to the investors in this country, who have responded to his appeals for capital for purposes of construction, and who look to him for the punctual discharge of liabilities incurred in respect of interest and repayment.

12. Powers have been given under the Local Government (Borrowing) Rules, under which, with the sanction of the Governor-General in Council in the case of loans to be raised in India, and with the sanction of the Secretary of State in Council in the case of loans to be raised elsewhere, Local Governments may be permitted to borrow in the market. As regards loans raised in India, several cases have occurred in which such loans have been floated. No loans, however, have been raised outside India by a Local Government in the open market. The only authority authorised to raise loans in London on behalf of the administration of India is the Secretary of State in Council, who can raise such loans only to the extent to which he is expressly authorised by Parliament. Any loan sought to be raised in London for a Local Government in India would have to be raised on behalf of and in the name of the Secretary of State in Council, and would thus involve a draft on the Secretary of State's unexhausted borrowing powers. Moreover, in order to qualify as a trustee security the loan would have to be one carrying interest in sterling payable out of and charged on the revenues of India, *i.e.*, the general revenues of India, which include the revenues of Provincial Governments. In these circumstances there would be no point, even if it were possible, in a Local Government seeking to raise a loan in London on its own account. If any change is made in the borrowing arrangements of Provincial Governments, as part of a scheme for increasin [illegible]
author [illegible] ;
operat [illegible]
clashings of issues, and generally to assist in arranging that the terms offered in any particular case should not militate against later operations,

* In the summer of 1927-8, £3,000,000 India bills were issued These were later paid off from the proceeds of a long term sterling loan

either by the same or another Government borrower. In due course the Reserve Bank, if such is created, will doubtless assist in these respects. Meanwhile the duties are carried out by the Government of India and the Secretary of State in Council. This aspect of the case is altogether apart from the question of control exercised for political considerations.

C. H. K.

1st May 1928.

THE STRUCTURE OF INDIAN GOVERNMENT FINANCE.

The structure of Indian Government Finance.

The Government revenue and expenditure of British India are entirely *independent of those of Great Britain. It is true that certain* payments are made from one to the other. For example, India pays the cost, including a proportion of the expenditure of training, etc., of every British soldier that she employs; and conversely the British taxpayer makes a contribution towards the cost of the India Office, on a basis which is described below. But such transactions are definitely of the nature of payments between separate parties on the basis of services rendered, and do not imply any mixture of the two sets of finances.

2. In addition to the Central Government, there exist a number of Provincial Governments which enjoy a considerable measure of administrative independence and which for the purpose of carrying out their functions have the disposal of certain revenues. The principle on which revenues are allocated to the Central and Provincial Governments respectively is described below. For the moment the revenues of India are to be understood as including both Central and Provincial revenues.

3. The primary responsibility for the finances of India rests under the Government of India Act with the Secretary of State, who is answerable to Parliament therefor. Financial powers exercised by the Government of India, the Provincial Governments and subordinate executive authorities in India are derived from the Secretary of State in Council, either by direct delegation of authority or by means of provisions in the Act or the Rules framed under it The budget proposals of the Government of India, particularly those affecting taxation, have to be referred to the Secretary of State in the first instance before being presented to the Legislature. The Secretary of State also exercises a direct control over the measures necessary to ensure that adequate funds are available to meet his sterling commitments and over the policy with regard to exchange and currency. A separate note is being submitted on the financial relation between the Secretary of State and the Government of India.

4. The Government of India maintain in London a High Commissioner, whose function is to carry out agency work of various kinds on their behalf. A certain amount of the agency work in London on behalf of Government is, however, so closely intertwined with the administrative and supervisory work of the India Office that it has been found convenient and economical to retain it in the hands of the India Office. A calculation is made from time to time as to the extent to which the cost of the India Office is attributable to such work or to the definitely non-agency work of the Office, and a division of the total cost is made accordingly, the British Treasury paying a contribution corresponding, roughly, to the cost of the non-agency work. In particular the salaries of the Secretary of State himself and the Parliamentary Under-Secretary are borne in full by the British Treasury.

5. The Indian financial year begins on the 1st April. The " budget," which in the case of India means the statement of estimated revenue

and expenditure of the ensuing financial year, constitutes the starting point of financial control In its final approved form it defines the objects on which public money may legally be spent and it prescribes limits for the expenditure of money on specific objects which may not be exceeded. In connection with it there is passed the annual Finance Act, which authorises the raising of funds to meet the expenditure to be incurred on the public service. There is no one comprehensive budget for the whole of India, but a series of budgets, one for the Central Government and one for each "Governor's Province". The procedure as regards the submission of the budget is, however, in all cases broadly the same. The description below relates to the Central budget, but may be applied, with minor modifications, to the Provinces also. The budget is prepared by the Executive and is presented to the Legislature usually about the beginning of March. In the case of the Central Government, which is bicameral, it is presented simultaneously in both Chambers. The presentation is accompanied by a detailed speech by the member of the Government in charge. The consequent procedure is divided into two stages, *viz.*, the general discussion and (in the Legislative Assembly) the voting of demands for grants. Not all the items of expenditure are subject to the vote of the Legislature Under section 67-A of the Government of India Act certain kinds of expenditure are classified as non-voted of which the most important are: interest and sinking fund charges on loans, salaries and pensions of persons holding certain posts, and expenditure on political and defence services. It is open to the Governor-General, however, to give permission for the inclusion of such subjects among those which may be dealt with in the gene- [illegible] its or votes are submitted [illegible] order in which the votes [illegible] al conference with party leaders. In accordance with English Parliamentary practice, it is laid down that demands for grants must emanate from the Executive Government and not from private members, and that after a demand is brought forward the Legislative Assembly may refuse its assent to it, or reduce it, but may not increase it or alter its destination. Reductions, as in the case of other Parliamentary systems, may be designed either (i) to effect economy or (ii) to convey censure, obtain satisfaction or elicit information from Government on some point connected with the estimates.

6. The demands as voted by the Legislative Assembly are submitted to the Governor-General in Council who by a special provision of law is empowered to restore any amount cut out by the Assembly if he considers it is "essential to the discharge of his responsibilities". Furthermore, the law confers on the Governor-General himself the power "in case of emergency to authorise such expenditure as may in his opinion be necessary for the safety or tranquility of British India or any part thereof".

7. Since the budget estimates are in the nature of forecasts it is bound to happen that unforeseen items of expenditure arise and that

the provision made for some items proves insufficient. In such a case a supplementary estimate as regards the head involved is presented and a supplementary demand is made, the procedure being similar to that observed with the original estimates. There is also each year, according to present practice, a special reserve of £37,500 voted to be placed at the disposal of the Finance Department for the purpose of meeting unforeseen contingencies.

8. The position of the Council of State, *i.e.*, the Second Chamber of the Legislature, with regard to the budget is different from that of the Assembly. The budget is presented in the Council of State also, and a general discussion takes place on the budget as a whole, or any question of principle involved, but no motion may be moved nor may the budget be submitted to the vote of the Council. The procedure as regards the Finance Committee of the Legislative proposals for the year, is similar to that followed with any other Bill, and the legal powers of the Council of State are in this respect not inferior to those of the Assembly, thus affording a contrast to the position of the House of Lords *vis-a-vis* the House of Commons since the passing of the Parliament Act of 1911. A feature which facilitates the budgetary procedure by reducing the risks of friction and deadlock is the existence of the Finance Committee of the Legislative Assembly. The Committee scrutinises proposals for new [illegible]

9. As in other modern financial systems provision has been made for what is called appropriation audit, *i.e.*, for ensuring that funds voted are not devoted to purposes other than those for which they are granted. The system in India has been largely modelled on English practice. There is an auditor-General, to secure whose independence special provision is made. He compiles each year a report on the appropriation of funds which is considered by the Public Accounts Committee of the Legislative Assembly. The Committee has the duty of bringing to the notice of the Assembly any irregularities in the matter of appropriation. The Auditor-General also brings to the notice of the Public Accounts Committee any other irregularities of any kind in connection with the receipt and payment of Government monies. He is concerned, however, only with expenditure incurred in India; expenditure incurred in the United Kingdom is treated differently, there being a separate officer, the Auditor of the Accounts of the [illegible] who is appointed under the Government [illegible] his reports on these accounts before [illegible] nder the arrangements at present in force, his reports are brought to the notice of the Indian Public Accounts Committees also.

Provincial Finance.

10. The financial relations between the Central and Provincial Governments may be broadly described by saying that the Central Government acts as the custodian of the resources of the Provincial Govern-

-ments, which it pools with its own, but that the Provincial Governments enjoy a great measure of independence in the control of their resources both as regards the means of acquisition and the objects of disbursement. In the Government of India Act, and in rules published thereunder, provision was made for the delimitation of the functions of Government as between the Government of India and the chief Provincial Governments and for the definite assignment to each of these Provincial Governments of specific revenues of its own. Effect has been given to these measures of devolution in the nine "Governors' Provinces" (Bengal, Madras, Bombay, the United Provinces, Punjab, Bihar and Orissa, the Central Provinces, Assam and Burma), and in the Province of Coorg. So far as these Provinces are concerned, the functions of Government have been classified as either Central subjects or Provincial subjects, and a general authority to control all matters coming under the latter head, subject to certain expressed provisos, has devolved upon the Local Governments concerned. The sources of revenue available to Local Governments for the purpose of defraying their administrative charges consist in the main of the receipts from those provincial subjects which are revenue producing, the principal heads being land revenue, irrigation, stamp duties and excise. In addition, a Local Government is given a small share in any expansion of income-tax (otherwise a Central source of revenue) that may be due to an expansion of the taxable income within the Province. When the division of the sources of revenue was made it was realised that the Central Government would be left insufficiently provided, and it was therefore arranged that an annual contribution should be made by the Local Governments to the Central Government. As the result of the deliberations of the Meston Committee the total of the annual contributions at the outset was fixed at 983 lakhs of rupees (about £7 million). The distribution of the total payment among the Provinces was laid down together with a scheme for the progressive reduction of the contributions which it was the declared object of policy to bring about. Various reductions were made from time to time, and, in the 1928-29 Budget, it has been found possible finally to remove the last vestige of the Provincial contributions.

11. Within each Province the field of administration is divided into two branches, the "reserved," administered by the Governor acting with his Council, and the "transferred," the responsibility for which lies with the Governor acting with his Ministers. The general Budget ...

relating to a reserved subject. On the transferred side he can authorise expenditure in the face of the refusal of the Legislative Council only if he is satisfied that the grant is necessary for the safety or tranquility of the Province or for the carrying on of any Department—a much more restrictive condition. So far as the transferred subjects are concerned, the Secretary of State in Council has definitely divested himself, by a statutory rule made under the Government of India Act, of his general

powers of superintendence and control, except in so far as such subjects impinge upon other matters, *e.g.*, international relations, as to which he cannot properly disinterest himself.

12. Provincial Governments are empowered, subject to certain *restrictions laid down in the Local Government Borrowing Rules*, to raise loans in the open market. Alternatively they may obtain advances from the Government of India through the medium of a Provincial Loans Fund, and this procedure, which has commonly been more convenient and economical for both parties, has been the more generally resorted to.

Summary of Financial Relations.

13. The relations between the Secretary of State in Council, the Governor-General in Council, the Provincial Governments and the Indian Legislature may, very broadly, be described as follows. The Provincial Governments and the Governor-General in Council have, in practice, the initiative as regards most kinds of expenditure, but they are subject, except as regards provincial transferred subjects, to the control of the Secretary of State whenever he thinks fit to exercise it by general or special order. The Legislatures have no constitutional power to initiate expenditure, but, subject to special powers of over-riding them given to the Governor-General or the Governor, they possess important powers of refusing supply and exercise control over the raising of additional funds by taxation.

National Debts.

14. The National Debt of India includes (1) loans raised in India in the name of the Secretary of State in Council by the Government of India or a Local Government, and (2) loans raised in England by the Secretary of State in Council. Borrowings by Provincial Governments are made under authority of the Government of India Act and the Local Government Borrowing Rules, but the loan operations in India of the Central Government are not limited by law either of the British or the Indian Legislature. The Secretary of State's loan operations in London, on the other hand, are controlled by Acts of Parliament, from whom he seeks additional borrowing powers from time to time as may be required. On the 31st March 1928 the total National Debt of India, including Post Office Cash Certificates (£31 million), but excluding a certain amount of floating debt in the shape of Treasury Bills, amounted to £713 million.* This was divided as regards location as follows:—Rupee debt £368½ million, sterling debt £344½ million. The various sinking funds established for [illegible] been cons[illegible] estimates [illegible] Debt of India is not a charge on the taxpayer, but represents an amount invested in developing the resources and wealth of the country, for the most part in the construction of railway lines and irrigation canals, from

* This total includes not only loans raised in the market, but obligations contracted in various other ways, *e.g.*, the deposits of the Savings Bank, Provident Funds, etc.

which the direct and indirect return to the Indian exchequer has been very great On the 31st March 1928 the portion of the debt so regarded as invested in productive enterprises amounted to £610 million out of the total of £713 million.

Maintenance of Exchange.

15 Now that the rupee has been stabilised at 1s. 6*d*., the question of exchange policy does not loom so largely in a consideration of Governmental finances Nevertheless, currency control remains a highly important function the efficient and successful discharge of which is essential both to the financial stability of Government and to the economic well-being of the country as a whole. The modern tendency is to entrust the management of the national currency and the correlated function of the maintenance of a stable international ratio to a central bank of issue. Such a course was proposed for India by the recent Currency Commission, but the Bill embodying the proposals to give effect thereto was not passed by the Legislature. For the present, therefore, this function remains in the hands of Government and in any case Government could scarcely disinterest itself entirely in the matter. The position in India in this respect is peculiar owing to the large part played in the exchange market by Government transactions. The maintenance of a stable exchange depends largely on the continuance of a substantial excess of visible exports over imports (of merchandise and treasure), to balance the heavy Government outgoings which have to be met in sterling for the payment of interest on debt, pensions, railway material, etc. Over a long period the sterling payments of Government are made from the proceeds of the commercial export surplus, the mechanism being the purchase of sterling by the Government of India from the market. There are, however, many factors, of which perhaps the most important is the seasonal trade fluctuations, which disturb the even flow and would tend if unchecked to produce violent movements in the exchange rate. It is the function of Government as the currency authority to provide the requisite shock-absorber and so maintain stability. In this it is assisted by the possession of gold and sterling reserves. A part of these assets is included in the " Paper Currency Reserve," which constitutes the backing of the note issue. This reserve, which may with certain limitations be held either in England or in India, is available to provide amounts in sterling to be sold to the market against payment in rupees in the event of the exchange threatening to fall below the lower gold point. There also exists a second independent reserve, called the " Gold Standard Reserve," amounting to £40 million, which has been built up out of the past profits on the coinage of silver rupees and which is available for the maintenance of the exchange. Under the present practice the profit accruing from the reserves, *i.e.*, the interest on securities held in them, is treated as part of the ordinary revenue of Government.

G. H. B.

30th April 1928.

Financial Relations between the Central and Provincial Governments.

It is proposed in this note to examine the basis on which Central and Provincial finance has been regulated under the scheme of constitutional changes introduced by the Act of 1919. For the purpose of appreciating the position as it has developed in the various Provinces, it is necessary to study the figures of provincial revenue and expenditure from the year 1921-22, when the scheme was brought into effect. The statistical material, in broad outline, so far as it is available at the India Office, is being supplied to the Secretary. In the course of the Memorandum reference will be made to certain of the more important considerations that arise in relation to provincial finance as a whole, but no attempt has been made to examine in detail the situation of particular Provinces, or to deal with possible modifications of the arrangements in force, seeing that this would involve anticipating a clean cut between heads of revenue appro- be made to the Commission in India by the representatives of the several Provinces.

Before the recent constitutional changes, based on the Government of India Act of 1919, were introduced, the sources of revenue enjoyed by the Central and Provincial Governments were not distinct. Financial settlements had been made with the Provinces and these were regarded as quasi-permanent. The system of finance depended on the existence of what were known as " divided heads " under which the receipts from various sources of revenue were divided between the Central and Provincial Governments in specified proportions. Such a method of allocation became unsuitable on the adoption of a scheme which looked to the development of progressive provincial independence in finance and administration. The Montagu-Chelmsford Report accordingly recommended the abolition of the " divided heads " with the object of making a clean cut between heads of revenue appropriated to the Central Government and those appropriated to the Provincial Governments.

It is desirable to refer to two variant methods under which provincial finance might have been regulated within the Province (on the assumption that the former " divided heads " were abolished). These two methods are generally known as the " separate purse " and the " joint purse". It would have been possible, after deciding what sources of revenue should be placed at the disposal of the Provincial Governments, to proceed to a further division and to allocate certain heads to the " reserved " side of the Provincial Governments and others to the " transferred " side. In their first Reforms Despatch the Government of India gave their reasons for preferring a scheme of " separate purse " on these lines. Such a scheme would have been logically consistent with the idea of dyarchy though it would undoubtedly have involved an additional complication in working. Further, as no scheme of dividing sources of revenue between reserved and transferred departments would have been likely to produce an exact apportionment of spending

power corresponding to the actual needs of each section of the Government, it would have been necessary to make an adjustment between the two sections. As the Government of India observed "If the revenue which we have decided that they (i.e. the transferred departments) require is not in normal circumstances to be obtained from their earning departments, the difference should be made good to them by assignment from the revenue of the reserved departments. If, on the other hand, the receipts of the official half of the Government will not normally equal the revenue which we have determined that they require, an assignment will be made to them from the transferred departments." This would have involved a reproduction within the provincial sphere of the kind of adjustment which, as will be seen from the remarks that follow, proved to be necessary as between the Central and the Provincial Governments.

The proposals of the Government of India for establishing a system of "separate purse" in the Provinces were not accepted in 1919 and the scheme of constitutional changes gave effect in general to the proposals of the Montagu-Chelmsford Report for a joint purse, as set forth in paras 255-57 of that Report. This question was more recently considered by the Reforms Enquiry Committee (Muddiman Committee, 1924) and both majority and minority reports pronounced against a separate purse (see para. 111 majority report and page 168 of Blue Book for the views of the minority).

The regulation in detail of the financial relations between the Central and Provincial Governments embodied in the Devolution Rules was based on the Report of the Financial Relations Committee of 1920, presided over by Lord Meston. Under their scheme, which was substantially adopted, Provincial Governments retain for themselves certain heads of revenue, of which land revenue, excise and stamps (and in Burma forests) are the most important. The Government of India on their side retain other heads of revenue of which customs, income-tax, salt and railways are noteworthy. The Committee assumed that, as a result of the re-allocation of revenue and expenditure between the Central and the *Provincial Governments*, the Government of India would be left with a budget deficit amounting to Rs. 983 lakhs, while the Provinces would obtain increased spending power aggregating Rs. 1,850 lakhs. It was obviously impossible to leave the Central Government in a [illegible]

p[illegible]

th[illegible] adjustment should be effected by requiring the Provinces to meet the Government of India's deficit by annual contributions in certain definite proportions.

The assessment of the initial contributions took account mainly of the actual position in which the various Provinces were expected to stand when the revised scheme *for allocating* the sources of revenue between the Central and Provincial Governments was brought into operation. The *main part* of the burden was placed on those Provinces which obtained the greatest amount of increased spending power under the new dispensation. Out of a total contribution of Rs. 983 lakhs

in 1921-22, Rs. 763 lakhs were paid by Madras, the United Provinces and the Punjab. But the Meston Committee did not regard the scheme of allocation, which was in reality based on the facts of the moment, as representing an ideal standard. For future years they recommended a scheme for working up gradually, as contributions could be reduced, to a revised distribution of the burden between the Provinces, which would take account of future developments. Certain changes were made in the actual proportion in which the Committee proposed that the burden should be spread, owing to the decision to require no contribution from Bihar and Orissa. Para. 17 of the Devolution Rules gives the initial contributions, and para. 18 embodies the standard proportions which were to be gradually arrived at by crediting the first remissions of the contributions to those Provinces which were paying in excess of the standard ratio at the outset.* Apart from the temporary remission of the Bengal contribution from the year 1922-23, and the grant of certain special reliefs in 1925-26 and 1926-27 for one year only in favour of Provinces which benefited either only slightly or not at all from the general remissions of the year, the arrangements in Devolution Rule 18 have been followed. Any disposition to upset the scheme in principle has been strenuously resisted. It was always hoped, and the hope is now on the way to fulfilment, that the question of the provincial contributions would be solved by their disappearance.

One modification of the original proposals, made in the course of the discussions in Parliament, deserves special note. It was proposed that the Provinces should be given a small share in the increase in the income-tax revenue above the 1920-21 basis of assessment. The net amount so payable to the Provinces in 1925-26, the last year for which final figures are available, was about Rs. 26 lakhs. The significance of the measure was that it marked a departure from the water-tight division of resources of revenue between the Central and Provincial Governments. The modification is obviously capable of extension or variation in form, and some suggestions with this end in view were made by the Taxation Enquiry Committee of 1924-25 and are still under consideration in India. It is worth noting that the income-tax concession has worked very unequally as between the different Provinces. Owing to a decline in the assessments Bengal and Bombay, where the main revenue is collected, have in recent years received no share in the proceeds of the tax.

* The standard proportions of the total contributions were laid down as follows:—

Madras	17/90ths
Bombay	13/90ths
Bengal	19/90ths
United Provinces	18/90ths
Punjab	9/90ths
Burma	6½/90ths
Central Provinces	5/90ths
Assam	2½/90ths

The scheme of finance based on the Meston Committee's Report came in for a good deal of criticism from the outset, not only with reference to the amount of the contributions and the apportionment between the different Provinces, but also with regard to the allocation of the heads of revenue on which the scheme was based. As regards the amounts, it may be said that the Committee only recommended that so much should be taken from the Provinces as would suffice to balance the Government of India's budget, and that in their allocation between the Provinces the Committee were guided, in the main, by the canon of capacity to pay It was inevitable that different assessees should take different views of the extent of the levy put upon them. As regards the allocation of heads of revenue, it is to be noted that the heads retained for Central revenues include customs, income-tax and railways,* which expand with prosperity (against which has to be set the defence expenditure for the whole of India); while the Provincial Governments had allocated to them the heads of land revenue, non-postal stamps, forests and excise. Of these land revenue only expands slowly by the process of gradual resettlement over long periods, while in the permanently settled tracts no additional revenue from this source is obtainable The excise revenue has been threatened on various occasions and cannot be regarded as necessarily secure or progressive. At the same time, the branches of administration under provincial control include such services as education, public health and agriculture, the development of which requires expanding revenues. It is reasonable, therefore, to sympathise with the position in which the Provinces found themselves, and their difficulties were aggravated by the special features of the post-war period, which necessitated organised retrenchment of expenditure. At the same time there seems to be no ground for challenging the view adopted by the framers of the constitutional changes of 1919, that income-tax, customs and salt are pre-eminently sources of revenue which require central control and uniformity of rate throughout the country and were, therefore, rightly allocated to the Government of India.

The imposition on the Provinces of the obligation to make good the deficiency in the resources of the Government of India was regarded as an unavoidable blemish in the plan, but it may also be admitted at once that in some respects the hopes of the authors of the financial scheme, including the Government of India and the Secretary of State, have been disappointed. The conclusions on which the Meston Committee scheme was based assumed an exchange rate of 2s., which has not been achieved, and the heavy increase in the cost of administration in India, resulting largely from the rise in prices and consequential increases in the cost of the services, has prevented the Provinces realising the advantages of the increased spending power to the extent hoped for. Fortunately in recent years improvement in the position of the

* A scheme for separating railway finance from the general finances of the Government has since been introduced, under which Central revenues receive a fixed percentage contribution on capital annually, *plus* a share of surplus profits.

Central Government has enabled rapid headway to be made with the process of reducing the provincial contributions. The Joint Select Committee of Parliament, who approved the general plan, emphasised the importance of bringing these contributions to an end at the earliest possible moment. They expressed their trust "that the Government of India and the Secretary of State in Council will, in regulating their financial policy, make it their constant endeavour to render the Central Government independent of provincial assistance at the earliest possible date." The Government of India and Secretary of State were in entire agreement with this view, and have from time to time publicly endorsed it. It is a matter for satisfaction that in the last few years the process of reducing the provincial contributions has been carried so far that in the budget of 1927-28 no provincial contributions were levied, the unremitted remnant of the original total of Rs. 983 lakhs, *viz.*, Rs. 258 lakhs, being abandoned as a special measure for one year, in the hope of making the remission permanent next year.* A statement is annexed to this memorandum showing the actual amounts that have been levied since the introduction of the Reforms, from which it will be noted that the Government of Bengal, to the difficulties of whose financial position the Joint Select Committee called special attention, have only been called upon to pay a contribution in the first year.

The Commission will receive in India full statements from each Province on the working of the financial side of the scheme of 1919. But it may be convenient to them to have at this early stage of their deliberations statements showing how the provincial budgets have worked out since the introduction of the constitutional changes. Statements bearing on the point have been prepared and are available, if required. In addition some graphs have been drawn showing the relation between revenue and expenditure and the expenditure on "reserved" and "transferred" subjects from year to year. The position has naturally not developed uniformly in each Province, but it will be found from these graphs that, speaking generally, expenditure has on the whole been rising, and that the amount placed at the disposal of the transferred departments has also been on the up-grade. This tendency will probably be more marked when the figures for 1926-27 and 1927-28, become available. These years have seen the disappearance of the greater part of the contributions and the Provinces have thus been in enjoyment of larger spending power.

Although the Government of India are now within sight of the time when the provincial contributions will be entirely abandoned, it is desirable to remove any impression that the attainment of this goal means the solution of the difficulties of provincial finance. This is in no way the case. Despite the absence of any levy in 1927-28, a deficit position was shown in the Budget Estimates of certain Provinces for the year. The problem, therefore, of enabling the Provinces to develop

* This was done in the Budget of 1928-29.

their services, especially the transferred services, is still and is likely to remain a matter of pressing urgency The question has received much attention in India in recent years, and the Commission will doubtless receive from the various Provincial Governments information regarding the additional recources which they have been able to provide for the expanding services by retrenchment of expenditure in certain directions and by additional taxation. The Commission will also have brought to their notice suggestions that have been made in different quarters for further action

While the provincial contributions were in force, the tendency has probably been to look to the remission of these levies as a means for easing the provincial situation rather than to the imposition of additional provincial taxation When the contributions can be finally dispensed with, it may be hoped that the Local Governments will be in a position to tackle the question of increasing their revenues by independent action more strenuously than hitherto, but there will still be a tendency to look to the Government of India for further aid, and pressure will no doubt be exerted to secure that a larger share of the income-tax revenue is placed at the disposal of Provincial Governments, as suggested by the Taxation Enquiry Committee.

As regards purely provincial taxation, special powers exist for the imposition of certain kinds of taxation for the purposes of the Provincial Governments (see Scheduled Taxes Rules, page 266 of volume of Rules under the Government of India Act). Certain of the Provinces have increased their revenues since 1st April 1921, by an enhancement of Court-fees* and stamp duties† and by the imposition of entertainment duties,‡ a betting tax§ and a tax on motor vehicles.§ Changes in provincial taxation are normally imposed on the authority of the Provincial Legislature and are, unless specifically limited in their currency, permanent, in this respect differing from Central taxation, which, as regards a number of items (*e.g*, salt, income-tax and postal rates) is continued or revised from year to year by an annual Finance Act. The procedure in regard to Central taxation conforms in this respect more closely to the practice of this country than does that of the Provinces. It will be understood that in the case of the latter the rates continue ordinarily from year to year unless some alteration is being proposed.

Provincial borrowing—On 1st April 1925 all outstanding capital liabilities of the various Provinces to the Government of India were

* In Madras, Bombay, Bengal, the United Provinces, Punjab, Bihar and Orissa, Central Provinces and Assam

† In Madras, Bombay, Bengal, the United Provinces, Punjab, Central Provinces and Assam.

‡ Bombay and Bengal have imposed an Entertainment Tax and a tax on certain forms of betting

§ United Provinces and the Punjab.

transferred to a Provincial Loans Fund, established to systematise the arrangements by which interest-bearing advances are made by the Central Government to the Provincial Governments. The Fund is at present the normal channel of provincial borrowing in India; for although borrowing in the market on the security of provincial revenues is permissible—and the Bombay, United Provinces and the Punjab Governments, have in fact made use of their powers in this direction—financial advantage accrues to provincial revenues by recourse to the Provincial Loans Fund, financed by loans raised by the Government of India. The Central Government is in a position to borrow at lower rates than the Provincial Governments, and lends to the Provinces from the Fund on more favourable terms than they could obtain from direct recourse to the market.

It would extend this note unduly to discuss the financial position and future prospects of the Government of India, but it is important to note that the recent improvement in the finances of the Government of India, of which the benefits have largely been passed on to the Provinces by the remission of provincial contributions, cannot be regarded as implying any extraordinary degree of prosperity. Apart from a reduction of the Salt Tax which was raised for one year in 1923-24, the scale of central taxation remains, speaking generally at the level to which the Government of India were forced in the period of post-war stress. Income-tax and super-tax have not yet been reduced below the highest points reached in 1922. The general level of customs duties, which before the war was 5 per cent., now stands at 15 per cent. *ad valorem*, and there are exceptionally high rates on luxury articles. There is at present, therefore, only a very small reserve in the way of taxation against the emergencies to which India is subject. The Salt Tax is an important element in such a reserve, but the Government of India would be most reluctant to have further resort to it save in grave circumstances. For these reasons it is important that the Central Government should as soon as possible make some reduction in the rates of income-tax and import duties. The Government of India, no doubt, hope that with increasing prosperity the yields of the existing taxes will rise, and that, if expenditure can be held in check, the additional revenue will enable an alteration in rates to be made which will be of immediate benefit to the taxpayer and will provide the Government with a margin against eventualities. The extent to which these desirable changes will be possible is obviously connected with the question as to how far the Government of India can reckon on retaining the resources at present at their disposal.

C. H. KISCH.

20th December 1927.

APPENDIX (see page).

Statement showing Provincial Contributions to the Central Government for the Years 1921-22 to 1927-28.

Province.	1921-22.	1922-23	1923-24	1924-25	1925-26	1926-27.	1927-28.
	Lakhs of Rs.	Lakhs of Rs.	Lakhs of Rs	Lakhs of Rs	Lakhs of Rs	Lakhs of Rs.	
Madras . . .	3,48	3,48	3,48	3,48	2,22	1,65 2	*Nil*
Bombay . . .	56	56	56	56	34	28	,,
Bengal . . .	63	.	.	..	..	..	,,
United Provinces .	2,40	2,40	2,40	2,40	1,83 8	1,50 8	,,
Punjab . . .	1,75	1,75	1,75	1,75	1,13 8	85 7	,,
Burma . . .	64	64	64	64	44 4	50 2	,,
Bihar and Orissa .	..	..	.	..	..	..	,,
Central Provinces .	22	22	22	22	13	22	,,
Assam . . .	15	15	15	15	9	16	,,
Coorg . . .	..	..	..	·1	·1	·1	,,
TOTAL .	9,83	9,20	9,20	9,20 1	6,20 1	5·17	*Nil**

* Allowing for Rs. 2,58 lakhs not yet finally remitted.

FINANCIAL RELATIONS BETWEEN HIS MAJESTY'S GOVERNMENT AND THE GOVERNMENT OF INDIA.

Financial Relations between His Majesty's Government and the Government of India.

The Legal Position.

1. The Act of 1858 for the Better Government of India provided on the one hand that expenses, debts and liabilities lawfully contracted on account of the Government of India should be charged on the revenues of India alone, and on the other that, subject to the exception referred to below, those revenues should not be applied to any other purpose whatsoever. The exception referred to was that provided for by the words "without the consent of both Houses of Parliament" in section 55:—

> "55 Except for preventing or repelling actual invasion of Her Majesty's Indian Possessions, or under other sudden and urgent necessity, the Revenues of India shall not, without the consent of both Houses of Parliament, be applicable to defray the expenses of any military operation carried on beyond the external frontiers of such possessions by Her Majesty's Forces charged upon such Revenues."

2. The Act provided that the control of the expenditure of Indian revenues should be vested in the Secretary of State for India in Council:—

> "41. The expenditure of the revenues of India, both in India and elsewhere, shall be subject to the control of the Secretary of State in Council, and no grant or appropriation of any part of such revenues, or of any other property coming into the possession of the Secretary of State in Council by virtue of this Act, shall be made without the concurrence of a majority of votes at a meeting of the Council."

When the Bill was before Parliament the question of the powers and independence of the Council of India was repeatedly debated. Section 41 was the outcome.

3. So far as the financial relations between His Majesty's Government and the Government of India are concerned, these provisions have been substantially reproduced in the Government of India Act as consolidated in 1915. Section 22 of the latter repeats, but for two verbal alterations, section 55 of the earlier Act. Section 41, while substantially unchanged, has been modified to provide for the delegation to the Government of India, the Provincial Governments, and minor authorities of certain powers of expenditure previously exercised by the Secretary of State in Council, and reads as follows:—

> "21. Subject to the provisions of this Act and rules made thereunder, the expenditure of the revenues of India, both in British India and elsewhere, shall be subject to the control

of the Secretary of State in Council and no grant or appropriation of any part of those revenues, or of any other property coming into the possession of the Secretary of State in Council by virtue of the Government of India Act, 1858, or this Act shall be made without the concurrence of a majority of votes at a meeting of the Council of India:

"Provided that a grant or appropriation made in accordance with provisions or restrictions prescribed by the Secretary of State in Council with the concurrence of a majority of votes at a meeting of the Council shall be deemed to be made with the concurrence of a majority of such votes"

4. Accordingly the broad principle followed up to the present has been that each Government is financially independent of the other.

THE WELBY COMMISSION.

5 There are, however, a number of items of expenditure in which both Governments are jointly interested, and various arrangements have been made from time to time for the allocation of the expenditure in such cases. A comprehensive review of the whole field of these payments of common interest was made in the period 1895-1900 by a Royal Commission, presided over by Lord Welby, which was appointed in the former year to investigate the administration of the expenditure of India. This Commission had as one of its most important duties to inquire into "the apportionment of charge between the Governments of the United Kingdom and of India for purposes in which both are interested". The portion of their Report which dealt with this subject covered the following matters (the most important of which are marked with an asterisk):—

I. An analysis of the arguments on the question of the correctness of the apportionment of charge as a matter of business under the following civil and military heads:—

1. *Civil and Miscellaneous Charges*—

*(*a*) India Office.

*(*b*) Aden.

*(*c*) Persian Mission.

*(*d*) China Consulates.

(*e*) Zanzibar and Mauritius Cable.

(*f*) Red Sea Telegraph.

(*g*) Euphrates, Tigris and Karun subsidies.

(*h*) P. & O. Subsidy (Mail Contract).

(*i*) Jeddah Consulate.

(*j*) Chiengmai Vice-Consulate.

(*k*) Reunion and Surinam Consulates.

(*l*) Voluntary contributions.

2. *Army Charges*—
   *(a) Capitation Rate.
   (b) Non-Effective charges.
   (c) Chelsea and Kilmainham Hospitals.
   *(d) Payment for Indian troops employed out of India.

3. *Naval Charges*—
   *Contribution by the Government of India towards the expenses of His Majesty's ships in Indian Waters.

II. *A recommendation as to a procedure for the settlement, in case of dispute, of administrative charges.

III. *Recommendations on the question of liberal treatment (the Government of India had asked for specific reductions on various services, and had appealed generally for liberal treatment in the apportionment of common charges.

6. *Relief to India.*—As an outcome of the recommendations of the Commission, and of the ensuing discussions between the India Office and the Treasury, the following measures of relief to India in the apportionment of common charges were approved:—

In respect of the	Annual contribution by His Majesty's Government.
	£
[illegible] Aden	100,000
[illegible]	5,000
[illegible] ments . . . . [illegible] of .	12,500
[illegible] (c) Zanzibar Mauritius cable subsidy . . [illegible] of .	10,000
III Transport of troops between England and India (one half) .	130,000
	£257,500

7. As regards the Capitation Rate for the training of recruits for the British garrison of India I. 2 (a)—then, as now, the chief continuous financial transaction between the British and Indian Governments—the Commission came to the conclusion that it was not necessary to revise the Capitation Rate of £7 10s. per head of the British establishment in India, which had been in force since 1892. They thought that it might continue in force for a further period of five or six years, but that at the end of that time a general revision should take place (see para. 15). This recommendation was adopted.

8. *Transport contribution.* The Transport contribution of £130,000 a year, granted in consequence of the extra expenditure thrown upon India under the heads of deferred pay, training, and passage charges by the introduction of short service, was to be made in the first instance "pending the revision of the Capitation Rate" (for further references to this contribution, see paras. 16 and 30 below).

9 *India Office.*—The Commission had recommended a grant of £50,000 a year towards the cost of the India Office, but it was decided to substitute for this three grants or reliefs of approximately the same amount, forming part of the total relief of £257,500 shown in para 6 above viz. :—

£28,000 of the total grant of £100,000 in respect of Aden ;

Waiver of India's contribution of £12,500 in respect of the China establishments, and

Waiver of India's contribution of £10,000 in respect of the Zanzibar-Mauritius cable.

10 *Settlement of differences of opinion.*—The Commission examined *inter alia* the question of the settlement of differences of opinion between the two Governments as to the incidence of expenditure. They considered separately the cases of—

(1) Administrative charges—see II above.

(2) The employment out of India of troops borne on the Indian Establishment—I. 2 (*d*).

11 As regards the former, they thought that both Governments might trust, on these departmental questions, the perfect impartiality of a man of judicial position, the award of the arbitrator being loyally accepted by both sides as closing the question. They added that the arbitrator would of course deal only with departmental differences of opinion and that questions of policy would not be referred to him.

12 As regards disputes of the second class the Commission recognised that arbitration in the ordinary sense would not be a suitable method of settlement. A tribunal of arbitration should be constituted, but it could only be one of mediation. A part of the burden of the troops might reasonably be borne by the Government of India if that Government had a distinct and special interest in the matter at stake, and [illegible] e secured if principles could [illegible] they might not govern, the [illegible] he principle of geographical distribution as offering fair *prima facie* ground for the allocation of such a distribution, and they submitted the heads of a Treasury Minute with this object. They concluded with the following specific recommendation :—" We think that in the event of the Governments of the United Kingdom and India not agreeing upon the question of 'distinct and special interest', a Committee might be constituted of two members appointed by Your Majesty's Government and two members appointed by the Secretary of State in Council, and of a Chairman to be [illegible] by the four members. This Committee should make a report to the Government which should be presented to Parliament ; and the Government, within a prescribed period, should present its final [illegible] for the satisfaction of both Houses. The Treasury Minute [illegible] the Committee and the two Governments in arriving [illegible]

After considerable discussion, in the course of which the India Office drew attention to the final character of the control over Indian expenditure vested by Act of Parliament in the Secretary of State in Council, the Treasury and the India Office decided to adopt this procedure (H. of C. 169 of 1902).

13. The Commission made no recommendation as to the settlement of disputes involving questions of policy other than those arising out of the *employment out of India* of troops serving on the Indian establishment.

SUBSEQUENT EVENTS.

14. *Arbitrations of 1903 and 1904.*—In pursuance of the agreement as to administrative charges, Lord Alverstone, then Lord Chief Justice of England, was invited, and agreed, to become Arbitrator in regard to such charges, and in this capacity he gave decisions on two cases referred to him by the India Office and War Office, *viz.*, the incidence of the "service pay" for British troops introduced by Mr. Brodrick (afterwards Lord Midleton) in 1902 (Award of 4th May 1903) and subsequently abandoned, and the incidence of the cost of certain special defences at Aden (Award of 18th July 1904).

15. *Capitation Rate (see para. 7).*—In 1907 the question of the Capitation Rate was referred to a Committee presided over by Sir Robert Romer, a Lord Justice of Appeal, and consisting of two representatives of the War Office (Gen. Sir W. G. Nicholson and Sir G. Fleetwood Wilson), two representatives of the India Office (Sir. J. Edge, K.C., a Member of the Secretary of State's Council, and Lieut-Gen. Sir Beauchamp Duff), and two independent members (Mr. Gerald Balfour and Lord Welby). The representatives of the War Office claimed that the Capitation Rate ought to be largely increased, and that India ought to contribute to the cost of the British Army Reserve. The representatives of India contended that the Capitation Rate ought to be abolished, and resisted the claim of the War Office in regard to the Reserve. In 1908 the Committee made a preliminary report, in which they accepted the principle "which has prevailed for so many years, that India should pay the cost of raising, training, equipping and transporting the annual drafts and reliefs". They considered it right, on the other hand, "to proceed (at any rate at present) on the principle that India should not pay part of the cost of the Reserve". They did not proceed to discuss the *amount* of the Capitation Rate, for in the meantime the Secretaries of State for War and for India (Mr. Haldane, afterwards Lord Haldane, and Mr. Morley, afterwards Lord Morley), arrived at a compromise under which the War Office received an additional payment of £300,000 a year, or about one half of the estimated increase they had proposed to claim. With this addition, the Capitation Rate was raised from £7 10*s.* per head of the establishment of the British troops in India to £11 8*s.* and remained at this figure until the 1st April 1920, the payments being continued during the Great War although the supply of regular recruits had to be discontinued during that period (this arrangement was adopted

in the spirit of the Parliamentary Resolutions of 1914, under which the Government of India undertook to bear the ordinary charges of the troops despatched from India for service in the war). *(For subsequent discussions of the Capitation Rate, see para. 31 below.)*

16. *Transport contribution.*—The agreement reached between Mr. Haldane and Mr. Morley included a provision that the contribution of £130,000 a year made by His Majesty's Government towards the cost of transporting British troops between England and India (*see* para. 8 above) should remain in force. *(For subsequent discussions regarding this contribution, see para. 30 below.)*

17. *The Navy*.—In 1907 the Admiralty proposed that India should make a general contribution of £1,500,000 a year towards the cost of the Royal Navy, in lieu of the localised contribution of £100,000 paid by her in respect of the cost of certain vessels employed in Indian waters. Mr. Morley opposed this suggestion on the ground of the heavy military charges of India, her contributions to Imperial defence as a whole being fully proportionate, he considered, to her resources, to her interests, and to the advantages she derived as a member of the Empire. Taking this view, he refused to entertain a proposal of the Admiralty that the matter should be submitted to the arbitration of the Lord Chief Justice.

18. In 1908 the Admiralty submitted a fresh proposal, *viz.*, that the contribution of £100,000 a year should be raised so as to cover the cost of upkeep of the whole of the East Indies Squadron, then estimated at £330,000 a year. This proposal was rejected on the same general grounds by Mr. Morley, who considered that the question must be regarded as part of the general question of the financial relations between India and the United Kingdom, and of the burden which could reasonably be laid upon the Indian taxpayer. It ought, he held, to be considered in connection with the other charges which under Act of Parliament, or in accordance with established practice, were already borne by Indian revenues. The total defence expenditure of India as it then stood represented in his view the maximum charge which could equitably be laid upon the Indian taxpayer beyond what might be involved in the gradual and unavoidable growth of expenditure to be expected under existing arrangements without the acceptance of any new charge. He again refused submission of the matter to arbitration, inasmuch as the arrangement made in 1902 was not intended to apply, and could not apply, to questions of policy, which must necessarily be decided on the responsibility of His Majesty's Ministers.

19. In 1913 the Admiralty made a third proposal, namely, that India should undertake the complete protection of her own trade and the safeguarding of her interests not only in the Persian Gul but also in the Arabian Sea and Bay of Bengal, and for that purpose should provide the cost of the construction and maintenance of a squadron in her waters sufficient to control the lines of communication passing through those seas and should defray the cost of renewals when the vessels were worn out. The Admiralty offered to assist at the outset by providing two

capital ships free of charge. The initial cost of maintenance was estimated by the Admiralty at about £500,000 a year. The Great War intervened and the proposal was not pursued, but the view taken by the India Office and the Government of India was that on similar grounds to those advanced in 1907 and 1909 there was no case for a further contribution by India towards the defence expenditure of the Empire.

20. *The India Office.*—In the Government of India Act statutory provision was made for the first time that a portion of the cost of the India Office should be borne by Imperial revenues. Section 2 (3) of the Act ran as follows :—

> "2 (3) The salary of the Secretary of State shall be paid out of moneys provided by Parliament, and the salaries of his under-secretaries and any other expenses of his department may be paid out of the revenues of India, or out of the moneys provided by Parliament."

21. This was coupled with a provision granting the Treasury a measure of financial control over the establishment of the India Office :—

> "17 (1) No addition may be made to the establishment of the Secretary of State in Council, not to the salaries of the persons on that establishment except by an Order of His Majesty in Council, to be laid before both Houses of Parliament within 14 days after the making thereof, or, if Parliament is not then sitting, then within 14 days after the next meeting of Parliament."

22 In accordance with the intention underlying this provision, a sum of about £114,000 a year is at present contributed by the Treasury in respect of the administrative charges of the India Office.

23. *Great War : financial adjustments and question of Arbitration.*—During the Great War financial adjustments of large amount were made between the Imperial and Indian Governments. These arose out of the despatch from India of troops for service in the war, the substitution of Territorials and Garrison troops for the regular British soldiers in India, and the supply of munitions by India. At the outbreak of the war the Government of India undertook to bear the ordinary charges of the troops *despatched from India (Resolutions of both Houses of Parliament, 16th* September and 26th November 1914), and they subsequently made a cash contribution of £100 millions towards the cost of the War (Resolutions of 14th March 1917). In 1918-19 a Further Contribution of £13,600,000 was made, which still awaits the sanction of Parliament (see below). To facilitate the accounting arrangements in connection with the Resulutions of 1914 it was agreed that the War Office should meet the full actual cost of the troops despatched from India, receiving in reduction of these charges sums estimated to represent what the troops would have cost if they had remained in India. The War Office also agreed to accept the certificates of Indian audit in support of the accuracy of the claims, while reserving the right to question any item in

reduction if the war should terminate at an earlier date than the Government of India contemplated in September 1918, if trouble should break out on the Indian frontier or if famine should occur in India, all of which eventualities had come to pass. Actually the reduction made was about £7 millions less than if the Government of India had regidly adhered to the terms of the provisos. The India Office also claimed, as stated above, that the Government of India were entitled to interpret the terms of their own gift.

(3) The third claim related to expenditure in South and East Persia in 1919-21, amounting to about £12½ millions, in connection with what was known as the Malleson Mission and its supporting troops. The Imperial Departments concerned proposed that half of the cost should be borne by Indian revenues, but the India Office, while willing to meet half of the purely political charges, and to arbitrate as to the amount of those charges, declined to meet any part of the extraordinary military charges, which formed the great bulk of the total.

24 As a sequel to departmental discussions, the first two of these claims were referred in 1921 to an inter-departmental Committee, over which Mr. Baldwin, then Financial Secretary to the Treasury, presided. The Committee submitted an agreed statement of the respective cases, but made no recommendations. The third claim was the subject of a separate Committee set up by Mr. Churchill, then Secretary of State for War This Committee, over which Sir Charles Harris presided, similarly *failed to reach a settlement. It considered, inter alia,* the question whether the matters at issue in connection with the Malleson Mission claim could not be settled by arbitration. The Imperial members of the Committee recommended the adoption of this course. The India Office members, on the other hand, considered that the incidence of the expenditure in question turned on a single constitutional issue, *viz.*, whether it was of such a character this it could legitimately be imposed on Indian revenues In their view this issue was one which could not with propriety be referred to arbitration in whole or in part. Mr. Montagu, then Secretary of State for India, offered to submit the matter to a Committee of the kind proposed by the Welby Commission, and agreed to by the India Office and the Treasury (*see* para. 12 above), for dealing with the incidence of charges connected with the employment outside India of troops serving on the Indian Establishment. Under this procedure the Committee would make a report to the Government, which should be presented to Parliament, and the Government would present its final determination for the ratification of both Houses of Parliament. Mr. Montagu made it clear, however, that he must reserve to the Secretary of State in Council the powers of control of expenditure of the revenues of India conferred by the Government of India Act, under which no grant or appropriation of any part of those revenues can be made without the concurrence of a majority of votes at a meeting of the Council of India. His offer was not accepted.

25. From 1921 onwards the question of arbitration in connection with the disputed war claims has been repeatedly revived by the Imperial Departments. The Secretary of State for India in Council while quite willing that certain of the minor claims in dispute should be referred to arbitration has remained of opinion that the three major claims referred to above were not suitable for submission to arbitration. His attitude in the matter was clearly set forth in a letter from Lord Peel to Sir Laming Worthington-Evans of 13th May 1922, in paras. 8 and 9 of which he stated:

"8. I feel quite sure that it is far from the intention of the Council to take up in any way an obstructive or unreasonable attitude. They would agree to arbitration wherever they possibly could. They feel, however, that there are certain questions, any forced settlement of which must lead to most violent agitation, and possibly even, as in the past, catastrophe; and that the only right course is to act in these matters with the constitutional assent of the Government, *i.e.*, in the present case with the combined assent of the Government of India and the Indian Legislature. This of course is not a new principle, as even before the introduction of the recent constitutional reforms the concurrence of the Indian Government and Legislature was secured to the 'normal cost' contribution, to the £100,000,000 contribution and to India's further contribution towards the cost of the war. The position taken up by my Council is that it is incumbent on them in such a case as the £10,000,000 claim to employ their statutory power of vetoing expenditure in a way which will lead either (*a*) to a prior reference to the Government of India and the Indian Legislature, or (*b*) to the assumption by His Majesty's Government directly of the responsibility of dispensing with such a reference; for the British Government has of course in the last resort a power of action in spite of the awkward position which section 21 of the Government of India Act may be used to bring about.

"9. If the Indian Legislature was so consulted and agreed either to (*a*) acceptance of such a claim, or (*b*) partial acceptance of the claim by way of compromise, or (*c*) arbitration, the Council of India would not stand in the way of any of these solutions".

This offer, like that made by Mr. Montagu in connection with the specific claim in respect of East Persia, was not accepted.

26. In 1914, owing to ill-health, Lord Alverstone had been obliged to resign the position of arbitrator on administrative questions, and his place was taken for two periods of three years each by Lord Dunedin. Lord Dunedin's services were not invoked during the six years for which he acted, and in 1920 the appointment was allowed to lapse. It was felt by the India Office that it might possibly be necessary to consider whether

in the future the solutions recommended by the Welby Commission would be the most suitable means for the settlement of disputes. Subsequently two questions at issue between the India Office and the Imperial Departments were referred by mutual consent to the arbitration of Sir Laming Worthington-Evans then Minister without portfolio. One dealt with freight charges claimed by the Ministry of Shipping, the other with the incidence of an exchange concession granted to British troops on the Indian establishment in connection with the issue of their Great War gratuities. The sum at issue in the latter case amounted to over £1,000,000.

27. In August 1922 a proposal was made that Mr. (afterwards Sir Austen) Chamberlain, in view of his intimate knowledge of Indian questions and outlook should act as arbitrator on the outstanding war questions, and if he found that the net liability lay with India, should consider how far in equity the various contributions made and promised by India towards the cost of the war could be properly set off against it. The Government of India felt, however, that it was impossible to accept the arbitration of a member of the British Government, however eminent and however strictly impartial he might wish to be, and no doubt would be, in his conclusions. Moreover, even if a legal claim could be established by the War Office for the whole or part of their claims, India's answer would and must be that if she had ever imagined that such claims would be advanced after the war she would not have contributed the sum of £100 millions towards its cost

28 In July 1923 a resolution was moved in the Council of State in India that in all matters in which the apportionment of financial liabilities between the Government of India and His Majesty's Government might be in dispute between those Governments, no compromise should be made between them without the previous sanction of the Indian Legislature; and that if arbitration were resorted to, the arbitrators should be the Premiers of the Empire in Conference assembled and nobody else. Both motions were opposed by the Government of India as unconstitutional or inconvenient and were defeated.

29. In February 1925 the Secretary of State for War, Sir L. Worthington-Evans, proposed, subject to the approval of the Chancellor of the Exchequer, a compromise settlement of all the outstanding war questions, under which India would pay on balance a sum of approximately £3 millions This offer was not accepted by the Secretary of State for India, Lord Birkenhead, who claimed that, on the contrary, a net payment of £4 millions ought to be made to India. As a result of further discussion the Secretary of State for War, the Minister of Pensions, and the Secretary of State for India recommended to the Cabinet in March 1927 a "no-payment" settlement of these questions, but the Chancellor of the Exchequer (Mr. Winston Churchill) objected to this proposal He was prepared to put the questions at issue to arbitration; to allow the Secretary of State for India to nominate the arbitrator; and to agree beforehand to abide by the arbitrator's decision. At the

same time he did not suggest that any measure of compulsion should be applied to the Indian Government if they repudiated the result of the award assuming that it was unfavourable to them In view of the constitutional position as explained in Lord Peel's letter of 13th May 1922, Lord Birkenhead was unable to assent to this course He pointed out that at first sight it might seem that things had merely drifted into an impasse and that it was a scandal that two great Departments of His Majesty's Government should be able to wrangle indefinitely, and that there should be no solution except the surrender of one of them. But this he said was no accident It must be taken to have been the deliberate intention of Parliament when it passed the Government of India Act in 1858 and left it unamended in this respect ever since, to enable an independent body like the Council of India to prevent the British Government from imposing charges at will on Indian revenues. If the Cabinet insisted there were two alternatives: that which the Council of India indicated in Lord Peel's letter of 13th May 1922—arbitration with the previous consent of the Government of India and the Legislative Assembly, and that proposed by the Chancellor—arbitration without previous consent, but equally without obligation to abide by the result While he regarded neither as likely to lead to any useful result, he was prepared, if so required, to consult the Viceroy as to the choice between them. The suggestion was made, but not accepted by Lord Birkenhead, that if some machinery could be devised for the settlement of future disputes of the same order (of which the Cabinet understood there were several on hand between the India Office and the War Office) the British Government might adopt a generous attitude in the case of the war claims. A deadlock having been reached, the Cabinet agreed that for the present the outstanding war claims must remain unsettled.

30 *Incidence of cost of Aden and Sea Transport Contribution.*—In 1927, after prolonged inter-departmental discussions as to the incidence of the cost of Aden, with a view to the introduction of arrangements more favourable to India, agreement was reached between the India Office, the Colonial Office, and the War Office, and was approved by the Cabinet. Under these arrangements the military and political control of Aden has been permanently transferred to His Majesty's Government. The Government of India are to contribute a fixed sum of £250,000 a year towards the military and political charges for three years from 1st April 1927, the contribution to be reduced thenceforward to one-third of those charges, subject to a maximum of £150,000. Aden continues to be part of India, the civil settlement, with its receipts and expenditure, remaining under the control of the Government of India.

Simultaneously with this settlement, Lord Birkenhead and Sir L. Worthington-Evans agreed to a suggestion of the Cabinet that the question of the continuance after 31st March 1927 of the Sea Transport Subsidy of £130,000 a year paid by the War Office to the India Office (see paras. 8 and 16) should be submitted to the arbitration of the Lord Chancellor. Lord Cave awarded that a case had not been made out for the immediate discontinuance of the subsidy, but he thought that the

question should be further considered in five years' time. He subsequently stated that he had not intended by the latter part of the award to rule out consideration at some earlier date. He understood that the War Office and India Office were discussing the question of the Capitation Rate, and he saw no reason why, if it should prove convenient, the question of the continuance of the subsidy should not be reopened in connection with these discussions. Lord Birkenhead concurred. He subsequently explained that he had understood Lord Cave's statement to mean that he saw no objection to the Transport Subsidy being merged, should this be convenient, in any agreement reached in the meantime on the Capitation Rate. He, Lord Birkenhead, would have no objection to an agreement covering both matters, provided Lord Cave's award of £130,000 a year for five years was not called in question. Sir L. Worthington-Evans did not accept this understanding of the position, and pressed for a reopening of the transport question without the proviso in question. Lord Birkenhead refused to agree to this, and this attitude has since been maintained.

31. *Capitation Rate; renewed negotiations (for earlier discussions see para. 15).*—After the Great War, in view of the very large increase in the expenditure on the pay, maintenance, clothing, equipment, and training of the recruits for India, the Capitation Rate was provisionally raised from £11 8*s*. per head of the establishment in India to £28 10*s*., with effect from the 1st April 1920. The figure subsequently fell somewhat, but in 1924 the War Office raised the question of a further large increase in the payments. Detailed calculations by that Department, worked on a proportionate basis and on certain assumptions as to the period of training required by the recruits and the treatment of service rendered in the Reserve after return from India, have indicated a total bill of approximately £2,000,000 a year, as against provisional payments of only £1,400,000 a year since 1st April 1925. The Government of India not only regard this claim as excessive in itself, but they demand that in the first instance two counter-claims should be considered: (1) whether a contribution should not be made by His Majesty's Government towards the heavy military charges of India, and (2) whether the Capitation payments ought not to be abolished. The sums at stake are very large, and questions of broad policy are involved. After prolonged discussion between the Government of India, the India Office, and the War Office, the question was brought before the Cabinet by the late Secretary of State for War, Sir L. Worthington-Evans, in April 1928. It was finally decided, with the concurrence of the Government of India, that the questions involved should be submitted for the consideration of an independent tribunal.

32. *Navy, Army, and Air Force Insurance Fund.*—A relatively minor [illegible] the possibility of arbitration has recently been sug- [illegible]

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under section 5 of the Economy (Miscellaneous Provisions) Act of 1926. The Secretary of State in Council holds that in view of the Government of India's proprietary interests in the transactions giving rise to the surplus in question. they are entitled to a share in it, and he has claimed £59,000 on this account The suggestion of arbitration is under consideration by the Treasury. The attitude of the India Office in regard to this case is that there is a vital difference between arbitration on matters in which constitutional issues are involved and arbitration on a matter such as this, which is simply one of the fair division between the Imperial and Indian Governments of unanticipated profits arising out of a set of *quasi*-commercial transactions in which both Governments were concerned.

PRESENT POSITION.

33. The general position at present in regard to the more important of the questions dealt with by the Welby Commission is indicated in the following table, corresponding to that given in para. 5 above:—

I. *Civil and Miscellaneous Charges*:—

1. (*a*) India Office. Question settled.

1. (*b*) Aden. Do.

1. (*c*) Persian Mission. The division of diplomatic and consular charges based on the Welby Report remains in force, but the financial and administrative arrangements are not regarded as satisfactory by either Government. Proposals have been put forward by each side, but agreement has not been reached, and negotiations at the moment are at a standstill.

1. (*d*) China Consulates. The Welby Commission recommended that a contribution of £12,500 a year paid by India towards the cost of these consulates should be continued This contribution was subsequently waived, as explained in para 9, as part compensation for the waiver by India of the contribution of £50,000 towards the cost of the India Office recommended by the Commission. A deduction of £12,000 a year is now made, however, for this reason from the amount which would otherwise be payable by the Treasury under present arrangements towards the cost of the Office, and accordingly India is regarded as contributing £12,000 a year towards the cost of the diplomatic and consular services in China. The Foreign Office do not regard this sum as a sufficient contribution in present-day conditions, but the India Office do not agree, and, as in the case of Persia, negotiations are at a standstill.

2. *Army charges*.

(*a*) Capitation Rate. The present position has been described above

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32. *Navy, Army, and Air Force Insurance Fund.*—A relatively minor question, in which the possibility of arbitration has recently been suggested by the India Office, is that of India's right to a share of the surplus of £1,100,000 transferred from the Navy, Army, and Air Force Insurance Fund to the general revenues of His Majesty's Government

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(*d*) Payment for Indian troops employed out of India. The position is as left after the Welby settlement. No dispute arose in regard to the incidence of cost of the troops despatched from India for service in the Great War, the Government of India having volunteered to bear their ordinary charges, *i e.*, the charges which would have had to be met had they remained in India (the dispute in regard to the £40 millions pension claim arose independently of the despatch of the British troops from India, as it applied equally to the troops who were not despatched from that country, but had previously served there). The position was different in the case of the Indian Mixed Brigade of the Shanghai Defence. His Majesty's Government desired that the Government of India should contribute the ordinary charges of the Brigade, or at least those of the Indian troops included in the Brigade, but the Government of India were not prepared to contribute any portion of the cost.

3. *Naval charges.*

Contribution by the Government of India towards the expenses of His Majesty's ships in Indian waters. The position is as stated in para 19.

II. Procedure for the settlement, in cases of dispute, of administrative charges. The position is as stated above.

III. Liberal treatment for India. The position in regard to the Sea Transport Contribution has been set out in para. 30 above, while India's claim to a general contribution in respect of her heavy military charges is referred to in para. 31.

34. It will be seen that the chief questions outstanding are those relating to the settlement of disputes, to the Capitation Rate, and to India's claim to a contribution by His Majesty's Government towards her military expenditure.

35. Of matters not dealt with by the Welby Commission the most important still remaining unsettled in the proposed "no-payment settlement" of the outstanding war claims, the ratification of which should be followed by the submission of a Resolution to Parliament confirming the Further Contribution of £13,600,000 provisionally made by India.

W. ROBINSON.

INDIA OFFICE,
1st July 1929.

MGIPC—M—595 Staty. Com.—12 2-30—1,350.